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NO PLANS TO PUT NUCLEAR WEAPONS IN INDIAN OCEAN

Paris LE MONDE in French 16 Apr 80 p 13

[Article by Hubert Bruyere: "France has no plans for introducing tactical nuclear weapons into the Indian Ocean, says Admiral Orosco"]

[Text] Saint-Denis-de-la-Reunion. VAdm Jean-Paul Orosco, commander-in-chief of the French Forces in the Indian Ocean, will be replaced in that post on Thursday, 17 April, by RAdm Philippe Lejeune. During a press conference at the end of an inspection tour, at Saint-Denis-de-la-Reunion, Vice Admiral Orosco said the following on the subject of using tactical nuclear weapons at sea: "France has no plans for introducing nuclear arms into the Indian Ocean. Here we are beyond that Europe which is subjected to the nuclear stalemate. Outside that area, the strategic rules and the way in which forces might face each other are very different. For the time being, one cannot really see when and how one might be persuaded to use this weapon."

Questioned as to the changes made in the aircraft carrier "Clemenceau," which will now enable that ship to carry tactical nuclear weapons on board, to be dropped from Super-Etendard attack aircraft and on the statements made by the Secretary of State for the Overseas Departments and Territories, according to which "France is ready if necessary to commit atomic means to defend the French in the Antilles and on La Reunion (LE MONDE, 8 February), the vice admiral said: "One cannot criticize the fact that the 'Clemenceau' has just acquired a nuclear capability; this has been planned for quite some time; the fact is that tensions have risen in this Indian Ocean for different reasons and the Secretary of State indicated that. There is no cause-effect relationship. If we were to have to dispatch the 'Clemenceau' into the Indian Ocean, would we equip it with nuclear arms? I cannot answer that. As far as I know now, I cannot really see what good that would do."

The statements by Admiral Orosco--who was head of the military office of the premier from 1976 to 1978--once again raises the twin problem of using atomic weapons at sea and the inclusion of a French overseas department

(in this case, the Island of La Reunion, which Mr Raymond Barre happens to be from) in the national sanctuary covered by nuclear deterrence.

On these two issues, the concept of the general staff remained--deliberately?--ambiguous.

In 1977, Gen Guy Mery, armed forces chief of staff, in addressing an audience at the Institute of Higher Studies in National Defense and Center of Higher Armament Studies in Paris, visualized two hypotheses involving the use of tactical nuclear weapons at sea.

"It seems to me that one could visualize two cases of maritime employment. The first one would arise in an ocean bordering on a European continent; that would bring us to a concept rather close to that of the Central European Theater, that is to say, a concept which provides a close tie-in between the employment of tactical nuclear weapons and the employment of the strategic nuclear [strike] force.

"The second case would involve a maritime theater far away or perhaps even very far away from national territory, for example, the Indian Ocean. It is then quite certain that we would be facing a new concept which would rather come under the big-power concept since this might involve the use of tactical weapons in an effort to prevent the launching of strategic forces in various types of action in terms of intimidation or retaliation."

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SIX-MONTH APPRAISAL OF NEW EUROPEAN PARLIAMENT'S FIRST SESSION

Paris PROJET in French Mar 80 pp 275-288

[Article by European Parliament Deputy Jacques Moreau: "The Future of the European Parliament"]

[Text] It is difficult, after 6 months, to draw up a definitive balance sheet for the new European Parliament. It is searching out its way within a preexisting framework and at a time when the Community is questioning itself about its future and its place in the world.

Where does the European Parliament stand 6 months after its first session? To judge from the press reports and the echoes voiced by the various media, the balance sheet appears at best mitigated, if not downright bad. Of course, if one comes out of the hexagon and takes an interest in what is said and written elsewhere, the impression is better. What does the public at large know about what is happening at Strasbourg? It is told about interminable debates over procedure, confusion in the voting, the anti-French position on the common agricultural policy, repeated assaults by members of the Parliament in order to broaden its competencies and busy it with things that are not thought to be its concern. In brief, the new European Parliament is said to have muffed its entrance after the hopes placed, in some quarters, on the election of its members by universal suffrage.

This picture only expresses both the ignorance under which labor many of the people responsible for informing public opinion on this institution, and their belief in the transforming, progressive aspect of election by universal suffrage. In the face of the difficulties encountered in the construction of a Europe that is asserting itself in an autonomous manner, many place hope in the impetus to be created by this direct appeal to the citizens of the countries of Europe. But at first sight, these elections, instead of being an accelerator, expressed, in their way, the malaise, the powerlessness, the contradictions of the Community. By the low participation in various countries, they revealed that awareness of belonging to a body that extends beyond the individual nations was not uniformly shared. Everyone went into the voting place with his own private ideas.

Unveiling the Institution

Construction of the European Community will be a long-term labor. It has not worked out as its promoters had anticipated. Gropingly, in function of

the interests of the various members, of the evolution of forces in the world and in the countries of Europe, an original system is being worked out for decision-making, for settlement of conflicts--a system which, while safeguarding the essential character of the nation-state, enables the Europeans to assert themselves as such under certain circumstances.

For the idealists or doctrinaires of the past, it is a long way from the plan to the reality. The Europe that is building itself is, it is true, both the one anticipated by the treaties and the one that is resulting from the successive compromises among the states at times of great crisis. The functioning of this Europe is complicated and its future indeterminate, for everyone is trying to interpret the decisions in his own sense. This structure, which is the product of the will of governing powers and of the relationship of forces, is not letting itself be unveiled easily; whence confusion, the misunderstandings, the summary judgments, the errors to which it is subject. Added to these is the bad taste of nationalism that soaks into various public opinions, notably French opinion. In these conditions, Europe could not be a "fatherland"; the Europeans cannot help but misinterpret the legitimate interests of the peoples and of the states. An understanding should be reached regarding this sociopolitical, economic environment in order to put the universal-suffrage election of the European Parliament into proper perspective.

It has been called a gimmick conceded by the President of the Republic in order to obtain the establishment of what, since, then, it has been convenient to call the "European Council"--that is, the meeting, three times a year, of the heads of state or government to review matters to date and deal with the big questions. This election, of course, was provided for in the text of the Treaties, but until 1974, the provision remained a dead letter. Although each had his private motives and usually acted in function of his domestic interests, there was no question of expanding the competencies of the institution on this occasion. One wanted to be content to honor one of the clauses existing since the start-up of the Common Market [illegible] beyond the impassioned or prudent declarations on the necessity of a democratic Europe, each government has been determined to confine the Parliament to what in the last analysis is a minor role.

But such a decision is not a neutral one in relation to the functioning of the institutional system of Europe as a whole. Even though, in a formal sense, today's Parliament, elected by direct universal suffrage, has exactly the same competencies as that of yesterday, which was appointed by the national Parliaments, its manner of selection, the composition resulting from this, and the behavior of the elected deputies internally and externally will entail consequences which the governments and the other institutions will have to take into account. They will at first sight be ambivalent, in the sense that, contrary to what the promoters of a certain idea of Europe declare, universal suffrage does not wipe out the national differences; in certain cases, they tend to exacerbate them. The same holds true for the ideological or political choices. We shall come back to this.

But hasn't there been a paradox in assigning so much importance to the European elections as well as to the role of the Parliament at a time when, on the whole the representative democracies, the assemblies, are seeing their influence dwindling to the advantage of the executives and of the administrations? Unless the European Parliament manages to take on a specific role, without trying to imitate the national Parliaments more or less faithfully. Such are the stakes for this legislature. The answer does not speak for itself, for 6 months is quite a short time, in so complex a system, to be able to declare with certainty that the Parliament is capable of contriving an approach and finding its way, or on the contrary, of foundering and falling into oblivion.

Drawing up a balance sheet of these 6 months requires first of all that the Parliament be placed within the framework of the Common Market's institutional system; secondly, the behavior of the various actors and the play of the forces present within it should be analyzed more closely; and finally, we must distinguish more clearly the difficulties, the problems, the stakes with which the Parliament is necessarily confronted, and the solutions that can be envisioned.

The European Council, the Community's Executive

The Parliament of the European Communities has a history: it is evolving within an institutional system; its competencies, its function, its role, have been modified in the course of the confrontations, difficulties, arbitrations among governments. This "sui generis" system is the product of the treaties and of experience. Over the last 20 years, it has gone from a federally oriented system to a structure of confederal inspiration. It is no longer a question of creating the United States of Europe; the search is bearing more toward the emergence of an identity of a European community that does not ignore wither the past or the national and sociocultural realities.

If one takes a close look at the functioning of the system, one notes that all the big decisions are made in the meetings of the "European Council"--an institution--an institution that was not initially provided for in the treaties but that was imposed by the French president, after the "haggling" of 1974. The inspiration of this proposal is clear. In the face of the blockages emerging from the different administrations and the Commission's attempts to impose its solutions, it was appropriate for the heads of state or government to be able to review matters on a regular basis and avoid the stumbling-blocks. While this approach entails some indisputable advantages in certain conditions, it is subject to an implacable logic.

The confederal character of the European structure is strikingly manifest, but in parallel, the other institutions are experiencing increasingly troublesome blockages and are in fact being devalued. The "supranational" institutions provided for in the Treaty of Rome, the Commission-Council of Ministers coupling acting in close symbiosis and making jointly many and varied decisions required by Community development, are in decline. The

Community's executive is less and less the Council of Ministers and more and more the European Council. Thus, according to Maurice Duverger (LE MONDE of 7 December 1979), a state policy is being asserted alongside the state administrative powers (the Commission-Council of Ministers coupling). Europe, in fact, is not escaping the evolution that can be noted in all the states.

From the outset, by virtue of the text of the Treaties, the essential part of legislative power has belonged to the Council of Ministers. In many areas, it shares its powers with the Commission, which has a monopoly on initiative (it alone can propose decisions to the Council) and exercises a derived normative power (in the matter of common agricultural policy, etc). In budgetary matters, it is obliged to come to terms with the Parliament. As regards coal policy, steel, customs provisions, competition, the Commission has, for practical purposes, a regulatory power that it exercises under the control of the Council of Ministers.

The Commission, conceived initially as a sort of supranational government, responsible for both executive and initiative functions, was an interesting attempt to rise above the national antagonisms and serve a certain "European collective interest." Despite the obvious services that it has rendered on many occasions, the present evolution is more towards eliminating it than asserting it. It has little by little been put on the sidelines vis-a-vis the Council, which has true power of decision. From an initiator, it has become an executive--an ineluctable trend, expressing the transition from a too narrowly federalistic conception to a conception of confederal inspiration.

The Council is subject to a different logic. It represents the various and sometimes divergent interests of the different states. The decisions result from compromises made often on the basis of the lowest common denominator. First and foremost is defense of the national interests. But since 1974, its role has been declining in favor of the European Council, even though since that date, in conformity with the Treaties, it usually reaches decisions by majority rule and not by the rule of unanimity imposed by France in 1966.

The evolution is therefore a real one. The important problems are dealt with in a body not originally provided for in the treaties, the European Council. This weakening of the Commission and the Council of Ministers is only the expression of the evolution of thinking and of the relationship of forces in Europe. It was in a certain sense desired at the outset that the structure be egalitarian and communitarian: the interests of the states were to give way before those of Europe. Today, the moving force of the European Council and also of European advance is the Frano-German directorate; it is the agreement of the Community's two most important powers to advance toward a European Europe. In a certain sense, there is a return to a more conventional policy based on an appreciation of the real forces. "Realpolitik" is at the basis of the Europe desired by the Franco-German directorate. Will this policy suffice for Europe to overcome its difficulties and assert its place in the world's affairs? May we be allowed to express our doubts. A good many indications show the limits of such an approach.

What Is the Parliament's Place in the System?

As paradoxical as it may seem, as the other institutions weakened, the Parliament was winning or being endowed with wider competencies, especially in the budgetary area. But to appreciate the powers of the European Parliament at their true value, one must take into account an essential difference from the national Parliaments: the European Parliament has no legislative power and cannot overthrow the executive (the Council). It can dismiss the Commission if certain majority conditions are met (two-thirds of the European votes and a majority of the members of the Parliament). A majority and an opposition do not exist by this fact, since it is not up to the Parliament to name the government or censure it. The confrontations are therefore of a different kind, and do not entail the same consequences as at the national level.

Still keeping to the formal aspects, it can nevertheless be said that the European Parliament possesses two of the three powers generally acknowledged for any parliament: the power of monitoring and of censure (vis-a-vis the Commission), and the budgetary power; it lacks only legislative power. In this area, the treaties limit the Parliament to a purely advisory role.

Article 137 of the Treaty of Rome provides that the Parliament exercises "the powers of deliberation and monitoring that are attributed to it by the present treaty." Deliberation taken in the sense of the treaty implies that any question concerning Europe can be debated and can result, as the case may be, in resolutions or opinions without obligatory effect. This power is exercised normally on the occasion of consultation of the Parliament on proposed regulation or directives that the Council of Ministers submits to it. Such consultation is provided for by 22 articles of the treaty. In the areas concerned, the Council must consult the Parliament, but it can also do so in all areas where it seems useful. But in all cases, the opinion expressed by the Parliament is not binding on the Council, which is free to follow it or not.

While the European Parliament has already used its main weapon, censure of the Commission, its endeavors have never succeeded.[1] And even if it did succeed one day, what use would it be, since the real power is not in its hands but in those of the Council of Ministers? It is only a short step, which some cheerfully take, from this fact to asserting that this assembly is not a Parliament.

This is going a bit fast, for while this assembly does not enjoy all the prerogatives that the national Parliaments are recognized to have, it has seen its powers develop, with the support of the Commission and the approval of the Council of Ministers. The embryonic powers that the European Parlia-

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1. Out of a total of four censure motions submitted, only two have resulted in a vote (one on the problem of the butter surpluses, the other on sales of butter to the USSR); but they were rejected.

ment held from the Treaty of Rome have developed in recent years in a largely customary manner:

--The Parliament has increased its participation in "legislative power" (via its budgetary jurisdictions and by the extension of its advisory power in the matter of external relations, for example).

--It has become a full-fledged budgetary authority alongside the Council since the treaty of 20 July 1970 and especially that of 22 July 1975, knowing how to take advantage of its own cohesion in the face of a Council that was often paralyzed by internal divisions.

--It has a very extensive monitoring power by way of the written or oral questions it addresses both to the Commission and to the Council (the latter agreeing, since the 1972 Summit Conference, to reply on properly Community matters but also on subjects of general foreign policy).

--It is largely master of its own organization and its functioning (it makes its own regulations and has complete liberty to draw up its agenda).

The formal evolution is obvious. This Parliament, often scoffed at and called a rump parliament, actually has many of the attributes of any parliament and functions like them (having, in this regard, greater freedom of action than the French Parliament in the budgetary area and in that of its internal organization). Of course, many deliberations by the European Parliament, hundreds of resolutions passed, have had only slight influence in decisive areas in which the Council decides or should decide (monetary, trade, economic, agricultural, energy, industrial, social, regional policy, etc).

The Treaty of Rome should be read today in the light of this evolution, which is accepted by the countries participating in the Community. We are dealing with a parliamentary structure, both original and conventional, in which the representatives of all the countries have participated. However, one recognizes in certain regulatory provisions, in various practices, in the multiple working instruments used, the influence of the Anglo-Saxon parliamentary spirit (conducting, in its committees, examination of Commission officials or of persons from the outside, or even "hearings" in the British manner).... There is nothing surprising in this, since in parallel with the development of the European Parliament, the French Parliament was corseted by the 1958 Constitution. The search for "consensus" was one of the permanent features of the old Parliament. While it persists in practical and regulatory functioning, new difficulties are arising in the definition and affirmation of the Parliament's positions. This is one of the consequences of the election of the members by direct universal suffrage. The representatives of the parties, who are answerable to their own public opinion, often try more to assert their originality than to explore the ways of agreement.

The European Parliament has its place in the institutional system on which is based the European Community that is becoming; despite the declarations of the "nationalists" and the "supranationals" at election time, its problem

is not that of broadening its competencies, or of its "transformation into a constituent assembly"--a myth out of step with the times, cooked up from time to time by one person or another to conceal the reasons for difficulties and distract people's minds from solutions that are reasonable and acceptable by all--but rather the deepening of its role, of its function in the present phase which the Community and the nations that make it up are going through. Election by universal suffrage has its own logic. It will be positive if the political groups strive to discern Europe's real stakes with perspicacity and a forward-looking spirit. In this regard, this Parliament's first session constitutes a test base that is essential and perhaps unappealable.

Deputies Who Are National More than European

In order to understand what is happening at Strasbourg, let us recall how the first universal-suffrage elections of the European Parliament went. The European political space does not yet exist, it remains largely to be invented; this is true particularly in the case of the elections of June 1979. These elections were European to the extent that their purpose was to name the representatives to the Parliament under conditions set out by the Council of Ministers, but their European character stops there. The modalities of balloting, the districting, the voting method--these came from decisions emanating from the national governments. In fact, nine national elections were held during the same period. In most cases, the stakes were as much domestic as European. What is there in common between the proportional election of French representatives at the national level, with a floor of 5 percent of the votes, and that of the British representatives, chosen by uninominal, one-round balloting? Even for the countries as a whole that opted for proportional election, there are notable differences between the FRG, Italian and French systems, for example. It follows that the behavior of the elected deputies cannot be exactly the same. A Briton will have his eyes fixed on his district, a Frenchman will be very subject to the imperatives of national policy, and so on. The Parliament has to decide on its unity of action; will it succeed in doing so? The question is a delicate one, and extraordinary interests are atstake. Actually, everything will depend on the will of the governments and of the various public opinions to go in the direction of a certain uniformization.

The diversity of the election systems, the very fact of direct election, the way the campaign developed, and the programs of the parties have engendered consequences to which attention had not been drawn at the outset.

Before they are European, the elected deputies are national deputies. Paradoxically, this Parliament is more sensitive to national interests than were the preceding ones. This is the result of the electoral system, but also of the campaign conducted by the political formations. Thus, on the problems of meat, armaments, the budget, etc, the national splits have been asserted more forcefully than before. In certain debates--on steel, textiles, fishing, wine, etc--the local or sectorial interests get the upper hand over a European policy. The Parliament members are often more tempted to take a

position related to what their national colleagues of a different political formation have said. An English Labour Party deputy will reply to a Conservative who has just spoken. A French Socialist will take account of a speech by a Communist deputy. The same holds true for the Germans, and so on. The fact of having a very direct link with the constituencies sensitizes the various positions. The European spirit does not necessarily gain from this, and it is to be feared that in the present atmosphere of crisis, the short-term passions and concerns will take priority over reason and the more forward-looking propositions.

If the European spirit is not "blowing" in the Parliament, matters are perhaps different in the relations between the deputies and their national public opinion or opinion at the level of their districts. It is too early to make a valid judgment; everything will depend on the concrete attitude of the deputies, but also on that of the parties, the governments. The efforts of information, communication, must be developed in each country of the Community. Everything will depend on the relations of the deputies with all the active forces that express themselves at the European level (sociooprofessional organizations in agriculture, industry, etc), and particularly, as regards us, the European Trade Union Confederation (ETUC). The European Parliament reflects--and this is nothing extraordinary--the difficulties encountered in building political Europe. Election by universal suffrage is not the miracle cure for Europe's maladies. It entails difficulties, even if it can be a source of new developments. In fact, it arrives in an unfavorable context that can deprive it of all positive import if the members of the European Parliament allow themselves to be held captive to national and partisan interests alone and forget the objective: the emergence of a regional pole capable of speaking and acting differently from the great powers in today's world.

The Relationship of Forces

This will not be easy, and all the more so because the forces of the left and of progress are losing ground in Europe. Even disregarding the magnifying character of the British system (with a little more than 50 percent of the votes, the Conservatives won 60 seats out of 81, while the Labour Party, with 33 percent of the votes, have only 17 seats), the first election by universal suffrage gave a majority of votes and of seats to the forces of the center-right. The composition of the Parliament is as follows:

--Socialist group: 113, including 22 French (35 Germans and 18 British);
--European Popular Party (PPE), Christian Democratic group: 107, including 9 French (42 Germans and 30 Italians);
--European Democrats (Conservatives): 64, including 60 British;
--Communist and related group: 44, including 19 French (24 Italians);
--Liberal group: 40, including 16 French;
--European Democrats for Progress (DEP): 22, including 15 RPR [Rally for the Republic];
--Technical Coordination group (Pannella, Coppieters, Bonino): 11, including 5 Italians;
--not registered: 9, including 4 MSI [Italian Social Movement] (Italian neofascists).

In the preceding Parliament, the Socialist group was the pivotal group. Nothing could be done without its explicit or implicit agreement. Things are different today. The Christian Democrats, even though less numerous than the Socialists, are at the center of all the combinations. In effect, the leftcan hope to get together at best only 157 votes (Socialist and Communist groups) to 170 votes (coordination group plus the unregistered). The center and the right get 211 votes without the DEP's and the unregistered. Depending on the alliances made by the Christian Democrats and the proposals, the Parliament can oscillate between the center-right and the center-left. One of the most important national groups in the PPE is the CDU [Christian Democratic Union]-CSU [Christian Socialist Union] group (42 members), which, in this election year in the FRG, is hardly disposed to make concessions to the Socialists.

On the left, on the other hand, the French Communists stick to themselves on almost all the problems, which weakens the left in the Parliament that much more. On certain votes, certain splits can disappear. Thus it is that running against Mr Lalor (Irish DEP), Mme Demarch (French Communist) was elected because of the scattering of the Liberal votes and perhaps Christian Democratic votes of French origin. But such cases are rare. However, several months are still necessary before a definitive idea can be formed on the capacity of certain Christian Democrats or Liberals to support positions close to those of the Socialists on questions such as the necessiry for European policies in the energy, industrial, social, etc, areas. The recent debate on employment showed that the ideological and partisan solidarities took precedence over the declarations of intent and the social inclinations of Christian Democrat deputies, particularly those of trade-union origin.

The new Parliament's center of gravity is therefore more to the right than in the preceding one; but does a stable majority exist? While the Liberals, the Conservatives, the Christian Democrats and the RPR can easily come to an agreement to defeat a proposal or resolution by the Socialist group, their positions are far from homogeneous on questions as essential as the European monetary system, the Common Agricultural Policy, energy, etc.

A double consequence can result from this--on the one hand, the impossibility for the Parliament to assert, forcefully and with broad assent by its members, clear positions both vis-a-vis institutions (Commission, Council of Ministers, European Council) and toward European or world public opinion; and on the other, incomprehension on the part of the voters. In a word, if there are not substantial modifications in the coming months, we shall see the Parliament floundering--a development which vindicates all those who pretend to believe there is a threat from the Parliament in the plan to broaden supranationality, as well as those governments which, while preserving appearances, do not want the Parliament to be able to exercise real powers, a threat that is not imaginary but which would be fatal to all those who still believe in the possibility of creating a European awareness and in development of the action of the peoples in the construction of this new political entity.

Internal elements relating to the functioning of the Parliament can also discredit it and make its debates incomprehensible to those who do not belong to the "house" or to the system. The functioning of the Parliament is based on a permanent search for the agreement of the chairpersons of the groups. With little exaggeration, we could say that the political group is all, and the member of Parliament by himself is almost nothing. To be sure, discussion about the number necessary to constitute a group and about the rights of the unregistered--a discussion animated noisily and unseasonably by the Pannella and Bonino group (Italian Radicals)--has made it possible to define better the powers of the groups and of the individual members of Parliament. But the Parliament is in fact run by the chairpersons of the political groups within the framework of the strictest application of the proportional-representation rule. Everything is calculated, everything is decided in function of the famous Hondt system. Thus, the committees do not have the power to designate the names put on the reports considered the most important. This system indisputably safeguards the rights of the minority groups and prevents a majority from imposing its law; but it engenders a logic that brakes or impedes all spontaneity and censors every discussion, every decision, within a preestablished framework that does not always exhibit the desired flexibility.

There is something impressive and intangible in the organization and functioning of the European Parliament. Within such a framework, the functionaries of the Parliament as well as those of the political groups, those who know its way of functioning and who regularly arrange the daily life of the Parliament, have acquired a real power vis-a-vis the members of Parliament who spend part of their time in their town of origin and part in Strasbourg, Brussels, or sometimes Luxembourg,[2] and are forced to trust their group leadership and place their trust in it. Of course, contrary to the old parliament, most of the new members of the Parliament no longer have national offices and devote most of their time to their duties. Let us hope that over the months, they will be able to take a stand against the machine and get the desires of the members of Parliament taken into account.

An example: the recent debate on employment and reduction of work time. Parliament members of different groups complained that the agendas for the Parliament's monthly sessions did not include any subject capable of having any repercussion on public opinion and governments. It was decided to put one important subject on the agenda of a session each time. Thus, in January 1980, a day was set aside for employment, on the basis of an oral question submitted by members of the Socialist group. An interesting decision, but one which did not make it possible to achieve the result sought, for while there were 7 hours of speeches, there was no progress in the debate, nor any dialog with the institutions of the Community. This debate ended with the passing of a proposal of Christian Democratic origin, approved by the conservative majority, and incapable of matching the present stakes.

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2. At this beginning of 1980, the question of the Parliament's permanent seat is still not settled.

Let us analyze the reasons for this failure: such a discussion has not been prepared either in the competent committees of the Parliament nor by a dialog between the Commission and the Parliament. A sin of youth, to be sure, but very significant of certain blockages in the functioning of the European Parliament. This functioning will become effective on the internal level, as well as vis-a-vis the outside, only to the extent that, while conserving what is best in its present practice, it organizes its work in a perspective that combines initiative, equity, desire for collaboration with the institutions, and determination to obtain tangible results. If not, it runs the risk of being transformed very quickly into an assembly of chatterboxes, without a grip on reality and the decisions of the governments.

The Parliament goes into this session with certain handicaps, but despite the relationship of forces, the weight of habits, the unsatisfiedness born of the first debates, nothing is beyond hope yet, on condition that the members of Parliament and the political groups measure the risks run if they let things go and bring their efforts to bear on the essential--that is, the challenges which Europe faces.

What Role for the European Parliament?

The problem for the European Parliament is not that of its competencies, but rather that of the role it intends to take on within the framework of the treaties and of the real institutional system on which European construction as it is being pursued today is based.

Let us first of all eliminate false debates and vain quarrels. Some had pretended to believe that the Parliament could proclaim itself the "constituent" assembly of Europe: this was perhaps possible in 1952, but in 1979 it is in the realm of myth. Even the countries in which the political parties call for a formal broadening of the competencies of the Parliament know that their old federalist dream is no longer of current relevance; the only possible way for Europe is an approach that combines both respect for the essential powers of the nation-states and an agreed-on delegation of certain competencies to another level, under the vigilant surveillance of the national governments. The way of cooperation and limited delegation arouses less enthusiasm than that of fusion, but it is the only reasonable and realistic way. It corresponds to the state of the relationship of forces in Europe and to the various wills that express themselves in our countries. Let those who would doubt this refer to the election campaign of June 1979 to become convinced.

The problem of the Parliament today is not so much to acquire new rights as to make suitable use of those that it is already acknowledged to have. At certain moments, it will be tempted by facility and bargain-rate showiness. Seeking a European policy in the area of armament is indisputably a problem that the European nations must pose to themselves. It is not obvious that the best way to bring it forward is to open a debate in the Strasbourg Parliament, as Messrs Ferguson and Von Hassel have tried to do. This is to go outside the framework of the Treaty, even if one astutely limits oneself to the industrial aspect only.

The Parliament acts as a sounding board. It is normal that the tragedies that affect humanity and that cannot leave Europe indifferent should be echoed in the concerns of the Parliament. However, while this task should be fulfilled, it is far from exhausting the function that it is up to the members of the Parliament to carry out. There is an indisputable risk of seeing the Parliament contentedly dabbling in questions that are not in its immediate jurisdiction or imitating the General Assembly of the United Nations. Questioning of the Council of Ministers meeting in "political cooperation" is one of the means at the Parliament's disposal for asserting the necessity of Europe's speaking with a single voice in the affairs of the world.

With regard to the rejection of the budget, there was talk of institutional war and abuse of power. By passing the motion presented by the general rapporteur for the budget, Piet Dankert (Dutch Socialist), the members of Parliament exercised one of their prerogatives. As for the question of whether it was a circumstantial majority, bringing together deputies and groups pursuing different objectives, how could anyone doubt this who knows the ideas of the British on the Common Agricultural Policy or that of the Socialists on the role of the Community budget! But this argument does not suffice to alter this fact or take away its significance. For many members of Parliament, it was a matter both of reacting against a certain casualness on the part of the Council of Ministers and of asserting the Community's obligation to put policies into practice in various areas: energy, certain industrial sectors, the regions, etc. For many, it was a notice addressed to the Council of Ministers, and beyond it, to the European Council.

Is institutional guerrilla warfare being started, for all that? Many members of Parliament wanted, it is true, to make the governments feel that they intended to exercise their rights. The danger is minimal if the Council is determined to give the Parliament its true place and take its objective into account. The members of Parliament are sensitive to the inequalities of development, to unemployment, to industrial restructuring, to the multiple consequences of the crisis. They want the Community to give itself the means, complementing the policies of the states, for facing up to the present challenges. Even if the sums provided for by the Commission, they had a symbolic value. Isn't it surprising that the credit written in for the social part of the restructuring of the steel industry was not reestablished by the Council? This vote surprised certain French commentators. They saw it as the model of the mistake not to make. The majority of the French members of the Parliament (with the exception of the Socialist deputies for the most part) voted against the Dankert motion and therefore for the budget, while the Gaullists joined with the Communists in the argumentation, except for a few minor details, with the UDF [French Democratic Union] deputies trying to avoid being noticed--an entirely normal practice for responsible Parliament members who do not accept the "choices" of the executive. True, such a practice, which has become unhabitual among us in France, is somewhat surprising to observers who are not very friendly when it comes to parliamentary practices.

A Place for Vital Debates

An institutional war with the Council of Ministers could only lead to impasse and rebound against the Parliament. It is in the latter's interest to enhance the Commission's role and to maintain good relations with the Council, so as to advance the ideas dear to it. A difficult policy. For several years, certain governments have desired to downgrade the role of the Commission; they want to transform it into a mere secular arm of the Council of Ministers and even of the European Council. The Commission's destiny and that of the Parliament are in part connected: the Commission needs the Parliament to get some of its proposals passed; the Parliament needs the Commission's support to make its concerns more accessible to the Council. For several years, the driving force of Europe has no longer consisted in the Commission-Council dialog; it has tended to be reduced to a false duet of the Council of Ministers and the European Council. There has been a gradual slide toward cooperation among states more than toward consolidation of an equitable and unified community. The Parliament cannot be satisfied with such an evolution; it is up to it to seek the ways that will oblige the other institutions to take account of its opinions.

In order to do so, the Parliament has to be in a position to take up the essential problems of Europe--problems to which public opinion is sensitive, such as employment, energy, research, control of the multinational companies, harmonization of social policies, elaboration of a regional policy, establishment of a true European monetary system, the North-South dialog, the establishment of economic, trade, customs and agricultural policies suited to the present facts, etc. It will have to do some inventive work. If it is just a matter of academic debates or debates dominated by ideology, there is a strong chance that they will interest no one and will have little influence. Through the work of its committees, examinations of experts, the debates in plenary assembly, formulation of proposals, the Parliament has to take its place in the process of working out the decisions necessary in order for the Community to exist and act.

The Parliament should be the place where the questions of tomorrow are dealt with also. It can be so if its members desire it. This supposes that one have a concept of a European structure that is not a pale reproduction of the mechanisms of the nation-state and that one turn one's back on sterile imitation of the national Parliaments.

If it succeeds in fulfilling this function, along with its budgetary and monitoring competencies, the Parliament can make itself understood by public opinion, by the governments, by the European Council, as well as by the national Parliaments. There is a whole network of communication to be established between the national Parliaments and the European Parliament, to make it possible to work together. From a confederal point of view, the pattern of communications will perhaps be the same as in a federal perspective. It would be a very serious mistake to ignore the national Parliaments. On this point, everything has to be invented from scratch, for election by universal suffrage has created a new situation.

It is impossible, after 6 months, to draw up a definitive and unappealable balance sheet for the new European Parliament. It will take several months to see what tendencies in its evolution will prevail. The European Parliament is seeking its way within a preexisting framework and at a time when the Community is questioning itself about its future and its place in the world. This is a difficult task, and full of pitfalls. The Parliament can lose its way on the institutional road; it can also transform itself into a forum with status equal to that of the United Nations General Assembly. It can, despite the presence of conservative forces within it, arouse public opinion, lead it to the emergence of an authentic European identity based on justice, solidarity and respect for the various cultures. Election by universal suffrage would take on its true significance: from a Parliament formed of national representatives, it could then go on to be a Parliament made up of European deputies.

11267
CSO: 3100

PROBLEMS IN NATO ON JOINT ARMS PRODUCTION EXPLORED

Duesseldorf HANDELSBLATT in German 16 Apr 80 pp 18-19

[Article by Johannes Broschwitz, managing director of Messerschmitt-Boelkow-Blohm GmbH: "Trans-Atlantic Cooperation Often Ends in Cul-de-Sac"]

[Text] In the fall of 1978 the defense ministers of the FRG and the United States reached an agreement on the principles governing mutual cooperation in research and development and the production and supply of logistic support in armaments. In a memorandum of understanding the two countries agreed to cooperate more effectively to strengthen their defense capabilities in order to make the most cost-effective and efficient use of their defense budgets, to promote extensive use of interoperable or standardized weapons and weapons systems and to create and maintain a highly developed technological potential for the North Atlantic alliance.

The United States concluded similar agreements with France, Italy, the Netherlands, Norway and, as early as 1975, with Great Britain for the purpose of expediting standardization of military equipment and removing obstacles to competition. The aim is to develop genuine two-way arrangements and above all to avoid unnecessary duplication by improving cooperation in research and development as well as in production, supply, maintenance and logistics. Bilateral cooperation in the arms field is to complement teamwork born inside NATO and among the European independents in a meaningful way.

Market Openings for Unequal Partners

Every effort aimed at intensifying trans-Atlantic cooperation is to be welcomed. But special attention must be paid to the problem of opening markets for unequal partners and, in the management field, the problem of differing trading positions of the industrial partners.

Based on the principles of bilateral cooperation in conventional arms research and development as well as in production, in supply and logistics, efficient utilization of limited means to satisfy a particular country's needs calls for selecting appropriate armaments after jointly testing them in accordance with joint evaluation procedures and to order the equipment from

industry under competitive conditions as a rule. Both parties should protect their technical data and work out the appropriate arrangements with their industries for transfering the rights to defense information and defense data between the industries of their two countries in the interest of standardization and arms cooperation.

These roughly outlined principles should not only guide the two parties in facilitating procurement in a competitive setting, but should also help them assess the possibilities for cooperation in research and development of specific projects, in licensing and joint production of defense equipment, in the provision of logistic/administrative materials/organizations and in maintenance/overhaul of defense equipment. To ensure fair competition without restraint, the defense ministers should see to it that their procurement agencies and the armaments industry be advised of the agreements, that mark-ups be avoided and that the necessary steps be taken to obtain permission for importing the equipment duty-free.

In connection with the support they extend to each other's plans for conventional arms production the parties to the agreement should state "whether the purpose is to work for bilateral or multilateral development (to what extent and with whom) or for single nation development or still for procurement at a later date/license production or joint production of military equipment developed in another country."

The proposed more cost-effective utilization of defense budgets as well as the standardization and interoperability of military equipment can only be achieved, however, if the division of labor above all in high technology and production is increased appreciably and if contracts are awarded to industry in a competitive setting, as in clearly stated in the memorandum of understanding. The question is whether both conditions can be fulfilled; in other words whether defense political or economic interests of one partner or the other might not stand in the way of such a division of labor or whether structural differences in the various economies might not prove to be a bar to free competition. Even in those cases where economic structures are the same unequal partners or unequal industrial productivity levels may face each other in the marketplace, leading to all the problems a situation of imbalance usually entails.

Higher Labor Costs and Improved Productivity

The industrial and economic state of affairs in the FRG as compared to the United States is characterized by the level of labor costs, by flexibility in adapting to market conditions and by the currency exchange rates. As is well known, the German industrial worker is the most expensive worker in the world, a factor partially offset by higher productivity levels in some branches of industry in the FRG. The lack of flexibility in adapting to the market has an adverse effect on competitiveness, particularly as concerns adapting labor resources in a cost-effective and timely manner. For another thing, there are risks due to the currency exchange rates. Within the framework of trans-Atlantic cooperation, which is to take place in the form of so-called two-way arrangements, such disadvantages are likely to prevent German firms from bidding successfully for American contracts.

It is of some importance to note that the American arms market is more than ten times as large as that of Germany. Between 1967 and 1976 average annual production of U.S. arms manufacturers was estimated to total about $40 billion as compared to only $3 billion in the FRG.

The 3:1 ratio as between the domestic and foreign defense equipment market of the United States and the other NATO countries make a division of labor imperative both in the development and the production of complex weapons systems, a procedure already being followed bilaterally and multilaterally. This also applies to major civilian projects. Aircraft, for example, which compete on the world market with American products call for Europe-wide division of labor and a concentration of resources. Trans-Atlantic cooperation, if seriously pursued by the individual European countries, will of necessity lead to division of labor even in the production of weapons systems of lesser complexity, if they are to hold their own in the face of trans-Atlantic competition. European cooperation can only be developed further by jointly producing joint weapons systems. It will have to go beyond present organizational structures such as project teams or management groups, since the individual European firms participating in these programs are still dedicated to preserving their own positions, which all but precludes optimum economic efficiency.

Joint European programs as opposed to independent single-nation projects will produce savings first of all in the development and production stage. They will depend on the complexity of the equipment, on the production volume, on the number of European countries participating and the like. While there will be savings, there will also be cost increase based on coordination, on lacks of communication, on the creation of uniform information systems and the necessity of assigning personnel abroad which should amount to some 5 to 10 percent of prime cost.

Costs Are Declining

Judging by European cooperative ventures thus far, organizational improvements and a partial sacrifice of special capabilities should bring down the added costs of such ventures, thus enhancing the advantages of European cooperation. But even if the Euro-economic base were optimized in this fashion, the partners in the trans-Atlantic dialogue would still be of unequal strength, although less so than in the case of a single-nation confrontation with the American competition.

International cooperation in arms production must proceed on the basis of jointly agreed military/tactical goals and an analysis of technological capabilities likely to be available over the long term. This calls for the partners in trans-Atlantic cooperation to inform each other about plans for conventional armaments and to exchange all data on research projects and feasibility studies. The principle of reciprocity spelled out in the memorandum of understanding is of major importance; but restrictive conduct on the part of the trans-Atlantic partner, such as selectivity in exchanging information, raises doubts about its implementation. But German firms, too,

are not entirely free to pass on technological data for right of ownership reasons. Duplication of effort in the R & D field can only be avoided by engaging in cooperative ventures, by developing complementary division of labor procedures or by resorting to specialization. But such measures may well be incompatible with Defense Ministry assurances to German industry to the effect that German arms development policies will continue unchanged and that the technological advantage will be maintained.

Large U.S. Reservoir

In relation to actual arms procurement, the R & D share is quite high; higher in fact than the 6 to 8 percent share reserved for R & D by growth industries in the civilian sector. The rationale for assigning a greater share of government R & D funds to defense in the United States is based on first-rate technology, the pacemaker role, on the large domestic and foreign arms market, in short on the autarky requirements of a big military power. The share of defense in government R & D funds in the United States amounted to 50 percent in 1977. In the FRG, the defense share was about a third as much with the government and industry contributing funds in excess of 2 percent of the GNP. This comparison shows how large the arms technology reservoir of the trans-Atlantic partner really is. The great difference in the technological base, the leading role played by the United States in many areas of military technology and the possibility of concentrating R & D funds in a few branches of technology more advanced than those in the United States give a clear indication of the relatively weak competitive position German firms tend to occupy in the framework of intensified trans-Atlantic cooperation.

The proposed mutual transfer of technology will be one of the major themes of trans-Atlantic cooperation. Both sides are afraid of this transfer of technology weakening their own position. U.S. industry has vision of a technology drain or a relocation of R & D activities because of the weaker technological base in the FRG or, for that matter, in Europe as a whole. The FRG, for its part, worries about a transfer of technology in those areas in which it is ahead of the United States. While the United States is blocking the transfer of critical technology, her actions thus far have raised fears of a premature, undesirable and, in effect, uncontrolled technology drain taking place under the agreement to exchange technical data and documents. A calculated application of government and industry R & D funds by the trans-Atlantic partner might even accelerate the aforementioned trend--a possibility German industry views with great alarm.

Need for Joint Plans

Weapons systems as well as complex large-scale civilian projects must go through rather lengthy preliminaries and involve high initial costs, which makes quatity production a factor determining price. All the more so, since initial costs (one-time costs) have been steadily rising while total items produced have declined, as the past decades have clearly shown. It remains to be seen whether this general trend will continue. In the military equipment

field, to be sure, it has not yet come to an end; for the present the far lower technological costs still make mass production of such equipment even for the domestic market economically feasible. The unit price of military equipment is determined both by the high, one-time, nonrecurring costs and by the decreasing unit production costs as output increases.

Market openings involving unequal partners and the resultant economic and managerial problems call for a long-term planning concept to be worked out jointly by the federal government and industry which must take differing assessments of trans-Atlantic cooperation on the part of the participants as well as the consequences of structural change into account. Efforts directed at intensified trans-Atlantic cooperation appear to go back to a NATO initiative by President Carter who asked three things of the United States and of NATO: Two-way undertakings in the interest of more efficient utilization of the Allied potential; increased cooperation among the European partners (mass production) whereby the volume of trans-Atlantic trade could be expanded, and the improvement of cooperation in the development and procurement of military equipment. Since politics and economics are so closely intertwined, this initiative of Carter's was probably made with an eye to U.S. economic interests. That this is so can be surmised in view of the fact that European decisions concerning the third generation of weapons are about to be made and that the European technological base reached after the second generation is considered sufficient for embarking on the third generation.

The German element is called upon to work on developing the following third generation equipment: tanks and armored vehicles, antitank rockets, artillery and rocket launchers, antitank helicopters for the army, tactical fighter aircraft and air defense equipment for the air force and pursuit craft and helicopter gunships for the navy. In this connection, mention is made of the German decision to purchase the AWACS early warning system.

Overcoming Imbalance

France and Great Britain, who are major partners of the FRG in joint European arms ventures, appear to prefer a more pragmatic approach to trans-Atlantic cooperation. They tend to favor case-by-case solutions to problems, with British as opposed to French pragmatism being determined by Great Britain's traditional relationship with the United States. German industry favors both the aims and the efforts toward increased trans-Atlantic cooperation in principle. But it must be fitted into an economic and managerial framework which make a position of genuine partnership possible. Otherwise, it is feared, the result will not be the proposed two-way arrangement but an even more marked one-way situation which very likely is the goal of American industry.

Since the removal of imbalances and the establishment of equal market positions is likely to run into insurmountable difficulties and since there is a danger that Germay's honoring of the principles contained in the memorandum of understanding will be detrimental to German industry, there is a need for a plan to be worked out jointly by industry and the defense ministry which sets the guidelines to be followed by the firms and businesses engaged in defense production.

9478
CSO: 3103

EEC COMMISSION VISITS CYPRUS

Nicosia CYPRUS MAIL in English 29 Apr 80 p 1

[Text] "Cyprus needs Europe and particularly the Common Market," Mr Pierre Duchateau, head of the EEC delegation which visited Cyprus last week said on his departure from the island.

Mr Duchateau, Director of the Foreign Relations Committee of the EEC, headed a five-member delegation comprising members of the EEC Commission and of the European Investment Bank.

They discussed questions relating to the second stage of the Cyprus-EEC Association Agreement and projects to be financed under the financial protocol.

"It was a great pleasure for me and the delegation to visit Cyprus. I had many meetings and I think I have better understood the Cyprus problem," Mr Duchateau said.

"This country" he stated at Larnaca airport, "needs Europe and particularly the Common Market."

Support Unity

"In the political field we have a role to play: to support the unity of Cyprus and in the economic field we have an important mission: to help this country to prosper because Cyprus will be a very good friend of the Community in the future," he said.

He expressed thanks for the hospitality and said: "I am glad that I return to Brussels to support there your cause together with my friend Mr Agothocleous, permanent delegate of Cyprus to the EEC. I now hope that great progress can be achieved in the Cyprus problem."

CSO: 4920

PVV'S DE CLERCQ INSISTS ON ROLE IN GOVERNMENT FORMATION

Brussels KNACK in Dutch 16 Apr 80 pp 26-28

[Interview with Willy De Clercq, president of the PVV, on 14 April 1980, by Frans Verleyen and Marc Reynebeau: "PVV President Willy De Clercq: Either a Three Party Coalition or Elections"; place of interview not given]

[Text] Probably no politician is walking on roses as much as PVV [Party of Liberty and Progress] President Willy De Clercq. Not only did "his" soccer team -- AA Ghent -- become second division champions, the political barometer points emphatically toward fair weather for the formation of a government which will also include the liberals, and all political polls predict strong gains for his party in case elections are held. De Clercq is aware of his position of power and our interview with him last Monday sufficiently established that he plans to play out his hand during the upcoming formation negotiations.

[De Clercq] We have continued to say that since June 1977 nothing concrete has been accomplished in terms of the governing of our country, and specifically with regard to the very necessary anti-crisis policy. This has become even more intensified during the Martens I and II administrations: the most complete political immobilism. This is true at the socio-economic and financial level as well as in the area of state reform, where we did not get any further than under the management of the Tindemans I administration. This is due to the mistake of wanting to tie the state reform at any cost to a government formula, the distrust among the government partners and the dissension within the largest party in the country, the CVP [Social Christian Party].

[Question] The "information" negotiations are unequivocally going in the direction of the formation of a Socialist-Christian-Liberal three party coalition.

[De Clercq] We believe that a three party government can be justified only under very difficult circumstances. I believe that this is the case now, and thus we have certainly no objection to participating in such a

government. But for us, the priorities lie in the economic, financial and social policies, and this is what our socio-economic and financial programs are about. If we can reach an agreement on this, then we can talk about a government. If this is not possible, then there would not be any reason to talk.

[Question] What does that program mean in concrete terms? What about the legislative program, for example?

[De Clercq] Our program states clearly: in order to conduct a serious anti-crisis policy, new confidence will have to be developed among those who want to work, who want to take steps, who want to /do/ [printed in italics] it. This applies to physical persons as well as to companies. For the latter group, this applies with an eye to their profit making ability, their competitiveness, and thus with an eye to employment. This is why we are supporters of tax /de-escalation/ [printed in italics]. Whatever Prime Minister Martens or Minister Geens may say, taxes are still going up. In 1980, the tax burden will increase approximately 14 to 15 billion francs. We have introduced our tax reduction proposals, and as far as we are concerned it is a matter of bills being accepted on a priority basis by our discussion partners, and being ratified as soon as possible by parliament. This would only be possible if a program to cut state expenditures is worked out parallel with this. To this effect, we developed a 5 year action program. The budget cuts which have thus been achieved will have to make room for a tax reduction.

[Question] Will part of this program have to be realized yet this year? Will you, considering possible government participation, ask for any changes in the legislative program?

[De Clercq] Our proposals provide for a first installment in 1980. As for the legislative program, we believe that there are clearly points to be improved: the elimination of BTW [Value-added Tax] on investments, of solidarity contributions and of taxes on exceptional profits. We also want to discuss the problem of the national bank again as well as the problem of the increased influence of the state in economic and financial life. We have also introduced bills concerning cadastral adjustments -- not concerning the principle of it, but rather the exaggerations in its application. In addition, there is also a principle involved: the protection of lawfully acquired property and the promotion of real estate.

[Question] Thus, you bring tough conditions to the negotiation table?

[De Clercq] I don't know whether they are tough conditions. I consider them necessary conditions to create a new climate and to start with an effective policy to fight the crisis.

[Question] Do you have any idea how many billions of francs this would involve?

[De Clercq] This has all been figured out. The "decumulation" (elimination of the practice of joining the incomes of spouses: editor) will cost approximately 24 billion francs, to be spread over 4 years, but the effects of this action will spread over 6 years.

[Question] The problem for the "formateur" will be that you are now in the middle of the current fiscal year. Can your corrections, technically speaking, still be applied to the current year or are you willing to introduce your blueprint only as of next year?

[De Clercq] The major measure for "decumulation" can be achieved, for example, through a simple amendment of the legislative program. Our first phase involves the raising of "decumulation" from 390,000 francs to 750,000 francs. That can easily be amended.

[Question] You also want to eliminate the highway sticker. All of this has an immediate financial impact on the budget, doesn't it?

[De Clercq] But Prime Minister Martens himself admits that his legislative program is inadequate, considering that new cuts will have to be made in June, not for 1981 but for this year. We admit that our fiscal program will not be an easy matter, because it must take place in stages and it must run parallel with budget cuts, which will also have to be carried out in stages: but, it will only reap benefits in the medium term and increase the incomes of the state, if only because part of the fiscal fraud will be recuperated. The year 1980 is one of those lost years. The legislative program should have been approved by the end of last year, but at this moment we have not gotten anywhere yet. However, because we might be called upon to solve the difficulties does not mean that we might give up our program. We will not do that.

[Question] You once stated that the available social "fund" of 830 billion francs should be divided differently. Are you going to negotiate immediately about that too?

[De Clercq] Of course. We are advocates of a reduction of the administrative costs of the state by 1 percent of the GNP over 5 years, which means more than 150 billion francs. We are also in favor of stabilizing the overall expenditures in government investments, which should be better distributed -- as a matter of fact, the government has already made a start with this. Of course, the most difficult problem is that of the socio-cultural transfers, unemployment benefits, health and disability insurance, where measures could even be taken which would not even have the advantage of being original. The problem there is not a technical one but a political one. It is not a question of knowing /what/ [printed in italics] you will do, but rather of whether you would /dare/ [printed in italics] to do it. That is also included in our negotiation dossier, which the "informateur" has. We have proposals concerning unemployment, social security, family allowance, economic transfers, cultural transfers and relative to the functioning of state companies. These economic transfers refer to the

legislation of expansion, whereby we propose fiscal measures instead of subsidies. The legislation for expansion was good in itself, but it has somewhat digressed from its goal. Of course, this cannot be turned around at once, but pending a change from subsidy measures to tax relief, we must arrive at contracts between the government and those companies which make a request for this aid within the framework of the legislation for expansion, whereby the government must lay down conditions for the business community, such as for example the maintenance or expansion of job opportunities. Our main principle with regard to the reorganization of social transfers is that this cannot be equated with social demolition, but rather with a greater selectivity. When you ascertain that, in spite of the large amounts which are being spent in the social sector, there are still thousands of marginal individuals who have to make do with an income of less than 10,000 francs, while people with fair to large incomes still enjoy certain social benefits, then I find this -- under the present circumstances in which social security is on the verge of bankruptcy -- irresponsible. The reorganization, based on a differently conceived social solidarity, which would be unthinkable without an admitted selectivity, should make it possible for us to consume /less/ [printed in italics], but also to consume /better/ [printed in italics]. This also means that high incomes, which will receive tax advantages through our program, would receive less social benefits.

[Question] You are planning to be tough and principled then during the upcoming political negotiations?

[De Clercq] I believe that we do not have any other choice. We have taken very clear positions and I do not see any reason why we should change them, all the more so as I believe that they are principles which are necessary to get us out of the crisis.

[Question] What about the reform of the state then? The French speakers have clearly indicated that the new government should occupy itself with it and you refer it to parliament.

[De Clercq] What we should avoid in any case are interminable discussions about state reform. Meanwhile, nothing is being accomplished. We cannot have that. Everything concerning the state reform on which both sides agree, can be carried out. If the bottlenecks can be quickly overcome, then they should be transferred to the whole package of the state reform, and this is a priority task of parliament. It has now been proven that a text, which has been worked out during government negotiations and the essential points of which cannot be amended by parliament, has failed every time. I do not plan to get my party involved in a round of negotiations which would follow precisely the same method, and which would experience the same failure as has been the case in the past.

[Question] It looks as if the French speakers will have to make enormous concessions to be able to participate in a government with you.

[De Clercq] Obviously, I cannot comment on that now. But what I am saying now about state reform is a position which has been adopted by all the Flemish parties. As for economic, social and fiscal aspects, these are specifically their own points of view, even though during the last elections, the CVP, the BSP [Belgian Socialist Party] and the VU [People's Union] also proposed concrete measures for tax reductions. After all, we are not that isolated in this. But even if we were, that would not bother us; we have our positions, and if they call us we will expound on them.

[Question] For you, the community dossier is not a priority matter then?

[De Clercq] Do you think that the people are happy about it? They /laugh/ [printed in italics] at it. That is the big mistake of some political leaders who have lost all touch with reality. People are asking to get out of the difficulties. If you do not want to realize that, then you are totally wrong.

[Question] What about the role which the PVV has been playing for the last 3 years then, with its strong Flemish positions, nearly like a Flemish vanguard? Now you want to put the state reform on a slow burner.

[De Clercq] It is not a question of setting it on a slow burner. It is also a question of preparing a state reform which is workable, and whereby the citizen would get a maximum advantage at a minimum cost, without losing sight of Flemish interests.

The Program Counts

[Question] On the other hand there is the group Martens, Cools, even Vanden Boeynants, who say that all of this is tied together.

[De Clercq] But these people have been whining each other's head off for years. They turn it into a community problem, not the people!

[Question] Do you also believe that by transferring your conditions to the care of a "formateur," you are largely deciding whether new elections will be necessary or not?

[De Clercq] Well, first of all, we are not responsible for the political crisis; secondly, we are not a demanding party; thirdly, those who are responsible for the political mess represent a large majority and they can govern the country. If they reach the conclusion that they are unable to do so -- which will be the case relatively soon -- and cannot manage to find a solution quickly based on simple and logical premises, then we will just have to ask the voters what they think about it.

[Question] Do you still have any contact with the PRL [Party of Liberty and Walloon Reform], your French speaking sister party?

[De Clercq] We have thorough cooperation in economic and financial matters. Of course, each one of us has its own views on the community dossier. But I have already had talks with my PRL colleague Jean Gol, Sunday evening at the airport, upon my return from Israel. These discussions are continuing. I do believe that of all the French speaking parties, the PRL's community views are closest to those held by the Flemish parties. Gol also told me that he is emphatic about the priority of his economic and financial program.

[Question] Would not the possible participation of the liberals in the government create the need to put a Leo Tindemans type prime minister at its head?

[De Clercq] If we can reach an agreement on a government program, and if we can properly incorporate our input and we have guarantees that this input will be respected, then it would not be all that important to us to know who the prime minister is. It is the program that counts.

[Question] Do you consider a government without the CVP excluded?

[De Clercq] I believe that there are only two possibilities: either a three party government or new elections. It seems to me that a reconstruction of the current coalition would not produce any result.

[Question] Both hypotheses are advantageous to you: either you join the government or there are elections, about which opinion polls predict that they would turn out well for you. You are seated between two nice haystacks.

[De Clercq] I do not believe that you can be comfortable when you are worried about what is going on, neither in the government, nor in an election campaign which would not be desirable in today's climate. I believe that one should be wise enough to make a distinction between the immediate interest of the party and the national interest.

[Question] Due to the current state of affairs, you have a very strong position in the negotiations. Some of your principles are nearly unacceptable to, for example, the PS [Belgian Socialist Party].

[De Clercq] I don't know that. We have set our priorities. We also know that as PVV, with "only" 17 percent of the votes, we cannot achieve everything. There are points in our program from which we do not want to deviate.

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GOVERNMENT 'INFORMATEUR' WILLY CLAES' MISSION CONSIDERED DIFFICULT

Brussels KNACK in Dutch 16 Apr 80 pp 22-23

[Commentary: "The French Speakers Are in the Process of Cuddling Their Own FDF to Death"]

[Text] However improbable the events in our national life may seem -- we are even shooting at Dutch fishing boats these days -- politics still has its own built in clemency. Barely 2 weeks after the fall of the Martens II administration, questions about the exact circumstances of this fall are no longer asked even though there have actually been no clarifications on the subject. The experts "do not believe at all" in a spontaneous and ingenuous clash between Senators Lindemans (CVP [Social Christian Party]) and Delmotte (PS [Belgian Socialist Party]), but they have no desire at all to go into a careful reconstruction of the facts. The Wetstraat can very well live with a few skeletons in the closet.

Meanwhile, we leniently note the statements. That the fallen cabinet was more than an experiment, and that it /nearly/ [printed in italics] succeeded in bringing about the most advanced attempt ever at reforming the state. That the desire to live in a more regional context is weakening among the citizens, due to the priority given daily life. That it is difficult within and with the CVP to decide on clear action, because that party has to reconcile too many people with too many divergent principles and goals. That, finally, this country has drifted into a one on one struggle between powerful Flanders and objectively powerless Wallonia, which can no longer achieve its political projects within the rules of negotiation. Especially, Andre Cools' "shame-faced" confession gave last weekend a different color. "We have been failing for 12 years now. Our method did not work. I don't want to live through all that again; we have to find another way."

As a matter of fact, the French speakers are trying this. With two big innovations. First: by letting the liberals come into national politics and thus, they hope, securing a two-thirds majority necessary to make institutional reforms possible. Thus, the craving for reforms proved to be greater than the traditional PS aversion to Jean Gol's PRL [Party of Liberty and Walloon Reform]. Secondly: the French speaking political parties are apparently no longer willing to "die for the Brussels of the FDF [Democratic

Front of Brussels French Speakers]." For two full days, the Flanders cried out that the "French speaking front" was active again. However, after some reflection and a few television talks, it turned out that Cools, Vanden Boeynants, Gol and the others had sat down together in order "in overall mutual agreement" to cuddle the FDF to death. In other words: even Cools is more ready to lay down his political skin for a regionalization in which Brussels as such would form a third region in and of itself. Henceforth, it is all the same to him whether they apply the formula with two or with three regions -- or with two-and-a-half -- as long as the French speakers agree to it beforehand. This view produced loud approval on the part of the Walloon liberals who for a long time have wanted a bi-community solution, by letting the regional and community council coincide just as in the Flanders. There was cautious approval from Vanden Boeynants who sees the whole business of the FDF as an historical misunderstanding, but who must handle Antoinette Spaak with care in order not to spoil his chances of becoming mayor of Brussels in 1982. Result: the FDF is currently being abandoned as painlessly as possible, and amidst many brotherly meetings, by its former comrades in arms. The idea of settling the major business between the Flanders and Wallonia (and it has been stimulated lately on the Flemish side by Tindemans), has gained ground in recent days. If meanwhile the FDF were still to be allowed to take part in the government, "informateur" Claes was told last Monday, this would be no obstacle to a certain de-Brusselization of regionalization.

What are the Walloons as well as the Brussels PSC [Christian Social Party] asking for in return for these two turnabouts? That the next administration really continue to work on the reform of the state. A fearful, humble demand at the expense of Mrs Spaak. Sort of a request for clemency on the part of the Walloon regionalists. Indeed, they are aware that regional fatigue in the Flanders as well as in their own backyard is growing so rapidly that very soon regionalization will be shelved, if that is what the Flemish want. And there is really not much they could do against this: as yet, not a single part of the country has adequate political or material means to enforce its own course toward autonomy. Only magnanimous poets, such as RW [Walloon Rally] leader Henri Mordant, ardently drivel on -- and as telegenically as possible -- about "taking our fate in our own hands." Well, this cannot happen without a full or partial revolution. And the people of Namur, Charleroi, Luxembourg, Mons or Liege are not interested in this. Their politicians can only wage guerrilla wars, which could indeed weaken any government action without or against them, but which could not prevent its being started.

Heartrending Choice

For "informateur" Willy Claes, it was an impossible proposition last Monday to "quickly, quickly" find out how moderate the freshly developed French speaking moderation really was, and how deeply rooted the distaste for any kind of quick state reform has become among the Flemish rightists. Indeed, Leo Tindemans' CVP will look over everything at very great length. Willy De Clercq's PVV [Party of Liberty and Progress] would prefer to bring the

state reform before parliament at an indefinite future date. Even Clem De Ridder's Davidsfonds is asking for a postponement and quiet consideration. Which confirms what had only been an hypothesis prior to the fall of the Martens II administration: the strongest avowals after the Egmont plan came out of a corner which is suddenly reacting tepidly to the federalist perspective of two communities in three regions and vice versa. Only Prime Minister Martens continues to maintain -- as do the French speakers -- that to freeze the state reform would lead to intolerable tensions. Considering that this is a reasonable view, even though unprovable and unproven, this position makes him one of the few candidate "formateurs" from Flanders to be able to continue to function at the national level. And it should be stressed once again that for the time being the Belgian state has nothing but national strata from which to form governments.

This is why what is already the third commission for Willy Claes as "informateur" was such a difficult one. Aside from the minimum demand from the French speakers to keep state reform as part of the upcoming government task (which the Flemish actually do not want, in spite of the nearly spectacular concessions made by Andre Cools), there is the need for the liberals in order to pass laws requiring a two-thirds majority. At this time, their position is so strong -- and the CVP has done itself a disservice in this regard -- that they could almost pursue their fiscal and economic demands mercilessly. So much so that it would be hard to imagine a Flemish or Walloon socialist who would really want to associate himself with this blueprint. Yet, on that side the choice is heartrending: to reject the liberal "conditions for peace," which are actually a command for ideological capitulation, would probably lead to elections which would allegedly be unfavorable both to the CVP and the PS. Once again, the political milieu has gotten itself entangled in its own web. And the liberals have no problem with that, considering that people are indeed not senseless objects and the population is also beginning to realize that.

And we are not even talking about the influence of the unions on this whole political process. They can no longer do much more than plead for a wage-index coupling and other social principles, because all other concerns melt into the fog of the economic and financial crisis of the state. Even the unions must give up in the face of reality. They still wave newly published yearly reports around, which show that large branches of industry and financial groups have done very well in 1979. They also feel somewhat outwitted, now that the alarm about the Belgian franc, which supposedly could not withstand a political crisis, seems to be over. Is this why they have been so mild and circumspect lately? Yet, they know very well that the crisis is primarily raging in the national government's household, and less in the families themselves. The latter will only happen when the state is no longer able to send its green postal checks to its personnel and pensioners. Meanwhile, a future "formateur," who whether he wants to or not will have to promulgate /economic sanctions/ [printed in italics] against the Belgian citizen, will be able to count on a rather subdued union opponent. In this sense, the PS line focussed on regionalization rather than on "socialist" topics of contention has been an all the more striking phenomenon in recent years.

To give a commentary on all these inter-related facts in Belgian public life is no longer a pleasurable activity. Since 1976, the people of this country have had to go to the polls every year in order to maintain a political life, which bumps along from one stalemate to another. After each hope of release -- and the Martens administration managed to raise hopes for a while -- the disappointment is all the greater. Even the subject's flight into his own individualism (where, as a result, large and small frauds are born), offers little escape. National systems cannot survive with impunity on the basis of uncivic behavior, even if the latter has been induced by the state itself. And this is undoubtedly what happens when governments are brought down over and over again, always by the same people, who do not even have an alternative up their sleeve. Last Sunday, liberal Herman Vanderpoorten called this the "tarnishing" of democracy. And that was saying it politely.

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TURKISH MOVE ON MISSING PERSONS REPORTED

Nicosia CYPRUS MAIL in English 30 Apr 80 p 1

> [Text] The Turkish Cypriot side yesterday said that they made new proposals last month for an investigatory committee to examine the fate of persons missing since the Turkish invasion of July 1974.

However, informed sources pointed out that the Turkish proposals are only part of continuing consultations through the United Nations which have so far not led to any positive results because the Turkish side insists on ignoring the latest resolution of the U.N. General Assembly's Third Committee (Humanitarian) of December 1978 and seeks to revive the resolution of a year earlier which they did not allow to materialise.

One of the conditions which is brought up by the new Turkish Cypriot proposals again is that the decisions of the committee shall be taken by "consensus" and therefore the proposition, however embellished, is in effect a nonstarter, observers said.

The Turkish move is seen as a reaction to the decision of the Committee of Parents of Undeclared and Missing Persons to go to Geneva to press for the setting up of the Investigatory Committee stipulated in the December 1978 resolution of the U.N. General Assembly's Third Committee.

This urged the formation of a committee "which would be in a position to function impartially, effectively and speedily" under the chairmanship of a representative of the U.N. Secretary General "empowered in case of disagreement to reach a binding independent opinion which shall be implemented."

The resolution of December 1978 superseded the one of December 1977 which it proved impossible to set up because the Turkish side insisted the committee should not have a chairman able to take decisions in case of disagreement and that all decisions should be taken by consensus, a fact which would mean constant deadlock.

The Turkish Cypriot spokesman for foreign affairs, Mr Kenan Atakol, was quoted yesterday in the Turkish Cypriot "News Bulletin," published in English, as saying that the Greek Cypriot side was "insincere" about the problem and recalled the existence of the 1977 resolution, and not the last one of 1978 which was the subject of consultations between President Kyprianou and Turkish Cypriot leader Rauf Denktash at their May 1979 meeting in the presence of UN Secretary General Waldheim.

Exploit

Mr Atakol said that on March 21, 1980 they submitted to the UN Secretary General's special representative their latest proposals to be conveyed to the U.N. on the formation of the proposed investigatory committee but no answer was forthcoming.

"The Greek Cypriots want to exploit the issue at international forums. They do not want to solve it. Had they wanted to solve the question they would have applied the unanimously adopted 1977 resolution, the committee would have been established and this problem would have been solved," Mr Atakol said.

However,he mentioned nothing of the fact that the Greek Cypriot side has named its representative on the committee, Attorney General Mr Criton Tornaritis but they have not named theirs and this did not allow the UN Secretary General to appoint an independent chairman as stipulated in the 1978 resolution of the Third Committee.

In effect, the new Turkish proposal is a departure from this resolution in that it virtually does away with the appointment of an independent chairman and introduces again the demand for "consensus."

The Turkish Cypriot Bairak radio said details of the Turkish proposals were revealed by the TAK news agency and these were:

The committee shall comprise representatives of the Greek Cypriot side, the Turkish Cypriot side and of the International Red Cross. The decisions of the committee should be taken by consensus and the chairmanship of the committee shall rotate monthly between the three parties, the first such meeting to be chaired by the International Red Cross representative.

The Committee should be able to ask for advise of experts from outside and should be able to investigate freely throughout the island.

The conclusions should be absolutely confidential and in the event of proof of death no one should be held responsible for his or her death.

It added that lists of missing persons should be prepared.

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MORE STUDENTS SEEK HIGHER EDUCATION

Nicosia CYPRUS MAIL in English 30 Apr 80 p 1

[Text] More Cypriot students at elementary school are now pursuing studies to the secondary education level than before the invasion.

The Minister of Education, Dr Chr. Sofianos, said that during the academic year 1979/80 94.1 percent of all elementary school leavers continued to secondary education whereas the percentage prior to the invasion was only 87.2 percent.

Dr Sofianos appeared in a television interview in which he outlined the activities of his Ministry within the objectives of the Emergency Economic Action Plan for the period 1979 to 1981.

Among the principal aims of the plan, he said, were the democratisation of education, ensuring equal education opportunities for all, meeting the requirements of the economy in manpower and serving the wider cultural needs.

The Minister stressed the great strides that have been made in the pre-elementary school stage, both for educational purposes and for social purposes to allow Cypriot woman more active involvement in economic activity.

It was planned, the Minister said, to have 250 new kindergarten classes in the period 1979 to 1982. Already 70 such classes were established in 1979, another 60 are planned for 1980/81 and it was hoped that the target of 250 would be reached by the deadline.

Camps

In the elementary school stage various innovations have been brought about including the summer programmes and educational camp and school messes and the students clubs--and it was hoped there would be 10 such clubs by 1981.

At the secondary education level Dr Sofianos noted that better financial and other opportunities were now provided and the standard was being raised.

A novelty was the "Lyceum of Self-Chosen Subjects" in which the student himself chooses the subjects which he will take. There are nine such lyceums.

This, the Minister said, is a step toward democratisation by allowing students to pursue their own interests and ambitions, gives them more sense of responsibility, incentive for learning, flexibility and training for those who will not follow University studies and wider introduction of new subjects such as foreign languages, social science, etc.

The Minister also referred to the "units credit system" for which a Fullbright expert made a study in Cyprus and the scheme is being planned to be introduced in the Technical Schools as from next year.

The system of workshop training for industry is also being given consideration and the Technical Schools are being extended. The new Technical School of Nicosia near "Archangelos" will take 800 to 1000 students and will cost about £1 million for building and equipment. The first phase will be operating by September 1981.

The system of accelerated training is also given adequate consideration in collaboration with the Industrial Training Authority.

Dr Sofianos referred to the plans for a Cyprus University for which decision in principle has already been taken and now with the UNESCO report in hand the Council of Ministers will hold a special session for final decision.

Among the plans in the field of "educational infrastructure" are a State orchestra and national gallery and provision of financial assistance to veteran men of letters and art.

CSO: 4920

INTEREST RATE INCREASE EXPECTED

Nicosia CYPRUS MAIL in English 1 May 80 p 2

[Text] The present ceiling of 9% interest on loans is about to change, as a result of the present economic problems facing Cyprus. This ceiling has been fixed by 1944 law originally introduced so as to encourage war-time agricultural production, and to relieve powers from the money-lenders who were the scourge of Cyprus agriculture.

Over all these years the present ceiling has acquired almost a "holy-cow" position in the thinking of the local population, but the Minister of Finance, Mr Afxentiou, has taken the bold step of presenting a Bill to the House of Representatives amending the original law, so that the interest rate ceiling can in the future be determined by the Government.

Money lenders

In most western economies it is considered normal that the Government should have the power to influence the rate of interest, but in Cyprus the Government proposed amendment is likely to have a stormy passage through the House of Representatives. This is because people still have bitter memories of the suffering caused by the moneylenders.

During the early part of this century and also during the inter-war years, the agricultural population suffered at the hands of money-lenders, particularly during periods of drought and crop failures. Loans at that time normally carried interest of 30 to 40%, and even 800% profits as loans were not uncommon. When the crops failed, a significant number of farmers would end up in prison or lose their farms or suffer both. Legislative measures were introduced in the inter-war years, but it was not until the growth of the cooperative credit societies after 1938, and the imposition of the 9% ceiling on loans, that the countryside was free of the money-lenders.

The present economic circumstances, however, are very different, in fact the serious inflationary pressures that exist have brought about a situation that favours borrowers. Over the last three years the efforts to reactivate

the economy have created a level of inflation unprecedented since 1960, with the Retail Price Index rising by 9.5% in 1979, and the general price level (including items not in the Index) about 12%.

By contrast lenders are by law restricted to charging a maximum of 9% on loans, and people with deposits with a bank receive 4% to 7% interest. This means that during 1979 lenders lost at least 3% (9% minus 12%) in tems of the purchasing power of their savings, while people with bank deposits lost even more. Consequently inflation was acting like a tax reducing the purchasing power of the capital loaned out even after allowance is made for interest earned.

Conversely borrowers have gained because inflation has reduced the importance of repayments on loans in real terms. As a result, it is argued that interest rates must increase in order to encourage savings and reduce consumption and thereby to reduce inflationary pressures on the economy.

In order to fully appreciate the issues involved it is useful to have a brief look at the functions of interest rates within the Cyprus context. Where a free, competitive money market exists the rate of interest can be considered to be the price of money. As such it acts like a price and brings the supply and demand for money into equilibrium. This market rate of interest is mainly determined by the degree to which people are willing to forego consumption (that is to save) on the one hand, and business expectations regarding the profitability of investment on the other.

Unfortunately economists have not sorted out all the complex factors involved in the decision to save but it is clear that both the level of income and the rate of interest are important. From the individual's point of view the rate of interest paid on savings such as bank deposits etc is the cost of consumption, since it is the potential income that is lost by buying goods.

A Government, through its Central Bank, can either set interest rates or control the money supply, but not do both since the rate of interest must adjust to a level where supply and demand for money are equal. But in Cyprus this is precisely what is happening, since interest rates have an upper-ceiling and the Central Bank is attempting to control the money supply.

The result is that the interest rate is not doing its job of allocating funds to the borrowers who have the highest profitability, because only those with profits above the interest level will borrow. Instead the banking system is allocating funds in its own interest, so as to maximise bank profits through giving priority to importers rather then industrialists and gaining more through secondary services that banks can offer (letters of credit, insurance etc).

Interest Rates Under Inflation

Under conditions of inflation the saver/lender must be able to receive a rate of interest above that expected for inflation. It is fairly safe to assume that most savers would be satisfied with a return of 4 or 5% net of inflation. Since it is anticipated that inflation in Cyprus will be between 12% and 16% in 1980, (if not more), then interest rates should rise to between 16% to 20% to be effective. Anything less will be little better than the present rationing system and will not encourage saving or reduce the incentive to consume.

This is because in markets where interest rates are centralled and do not reflect expected inflation, individuals begin to think of the alternative of buying goods rather than holding money whenever the expected rate of inflation rises. This is precisely the situation in Cyprus, because in 1980 the expected rate of inflation has significantly increased and the population is developing an inflation mentality.

Government Policy

Even though the Government seems committed to increase interest rates it would be political suicide to propose increases on the scale that is implied above. Present thinking seems to be of an increase in the 1% to 3% range, which would result in an interest rate ceiling of between 10-12%.

This would be consistent with a policy of restraining the rate of inflation to about 8%, which at present seems much too optimistic, but may be realistic as a larger term target.

Clues to the Government's thinking can be obtained from the Third Emergency Economic Plan which covers the period 1979 to 1981. The Plan proposes that the Government should change the rate of interest in order to benefit savers and to discourage consumption, and emphasises the need to benefit longer term lenders (those with deposit accounts, bondholders etc). This would also imply that the Government may adjust upwards the rate of interest on Government Bonds (currently about 7-1/2%).

The Plan also implies that the Government is considering the introduction of differential interest rates, that is that different economic sectors or categories of borrowers should pay different rates of interest. This will clearly require the strengthening of the Central Bank's control machinery, but to some extent the institutional mechanisms to facilitate this already exist.

The Special Fund for the financing or priority projects, administered jointly by the banks and the Central Bank, is such a mechanism. It could be used to ensure a steady flow of capital and working funds to industry, agriculture and tourism. In the housing sector the Government has already announced its intention to set up a housing finance agency for the purpose of providing low interest loans to house buyers.

If the policy outlined above is followed it is possible that the Government can achieve the best of both worlds, by adjusting interest rates for non-priority loans to industry and sectors which socially justify differential treatment. But the last word is with the House of Representatives, where the emotional attachment to low interest rates, is strong and the debate will be both lively and controversial.

CSO: 4920

WORKERS STRIKE AT ERCAN AIRPORT

Strike Called

Nicosia HALKIN SESI in Turkish 12 Apr 80 p 1

[Text] Nicosia -- TURK SEN [Turkish Cypriot Federation of Labor Unions]-affiliated civil aviation workers employed at Ercan State Airport have gone on strike indefinitely as of yesterday morning.

The strike, described as "limited responsibility," reportedly will not stop take-offs and landings but will lead to significant delays as ground services will not be provided.

The statement released by TURK SEN indicates that the strike was initiated as a further means of supporting the strike action called by TURK SEN-affiliated unions on behalf of workers' rights.

The TURK SEN statement says that if the strike at Ercan does not serve as sufficient warning, there will be more strikes with greater impact.

It also says: "The goal is to give the necessary warning to the authorities without damaging the economy. Before the damage inflicted on the economy and society by the state workers' struggle for their rights -- a total cost of 43.68 million Turkish liras for one year -- goes farther and farther beyond this figure, we would hope that the authorities would come to their senses, abandon their Sphinx-like silence and clear themselves in the mind of society of their false and groundless claims that the cost of the workers' objective is 164 million liras."

It is further pointed out in the statement that as long as the government authorities fail to act responsibly, responsible behavior should not be expected from anyone else.

Flight Left on Time

Meanwhile, though it was said that the civil aviation strike would delay take-offs and landings, the Ercan-Istanbul flight scheduled for 1300 yesterday took off on time. Five workers who did not join the strike

provided the necessary services and this was offered as the reason for no delay. It was stated, however, that this was not to be taken to mean that delays would not occur in flights to be made in the days ahead.

Concluded

Meanwhile, personnel of the Reserve Fund, a member of the TURK SEN-affiliated Bank Workers Union, who had gone on strike on 19 March 1980 because collective labor agreement negotiations had not been concluded ended their strike this morning as agreement was reached.

All of the union's demands in connection with the Reserve Fund collective labor agreement were accepted by the management, according to the statement released.

Tobacco Company

Also, strikes begun on 7 April 1980 by the TURK SEN-affiliated GIDA SEN [Foodstuffs, Tobacco and Intoxicants Workers Union] and on 31 March 1980 by the Dairy Industry Association are still in progress. Both strikes were iniated because of disagreements arising during collective labor agreement negotiations and it has been pointed out that the losses suffered because of the strikes are greater than the workers' demands.

It was reported also that collective agreement negotiations between GIDA SEN and the Soil Products Organization had broken down and the strike at this workplace would continue.

Negotiations Fail

Nicosia HALKIN SESI in Turkish 13 Apr 80 pp 1, 7

[Text] Nicosia (TAK [TURKISH AGENCY CYPRUS]) -- The government yesterday banned the strike initiated the day before at Ercan Airport by workers of the Civil Aviation Office, a member of the TURK SEN-affiliated Turkish Cypriot Federated State Workers Union.

Workers returned to work after being informed of the strike ban, and disrupted flights were resumed in the afternoon.

The Turkish Cypriot Airlines flight taking German tourists to Istanbul was able to depart Ercan at 1430 as a result of the strike ban.

Gurcag's Statement

TFSC [Turkish Federated State of Cyprus] Public Works and Communications Minister Erdinc Gurcag said in a statement to the press following the strike ban that the union's demands had been discussed in a meeting held from 1000 to 1200 hours yesterday between the TURK SEN executive board and

a government delegation headed by Prime Minister Cagatay. "The government accepted, among other things, the union's most serious grievance to the effect that if the 29.71 percent cost-of-living increase were incorporated into civil service salaries, the same rate should be incorporated into workers' wages," he said.

Public Works and Communications Minister Gurcag noted that despite this, the union had taken a hard line. He continued:

"Even though the government, which accepted these demands verbatim, said that it was ready to hold negotiations at 0900 on the morning of 14 April 1980 to discuss this principle and resolve the situation according to the results achieved, the union leaders unfortunately insisted on continuing the strike.

"Our only demand, that the strike at the airport be postponed, met a resounding 'No' from the Union without even taking into consideration our positive attitude just mentioned. In view of this situation alone, we had no choice but to delay the strike at the airport. We would like to inform the public of the situation."

TURK SEN Protest

TURK SEN General and Financial Secretary Lutfi Ozter maintained that the strike ban violates the workers' rights and protested the ban, which he described as an "outmoded attitude."

In a statement to TAK following the ban, Ozter said:

"It is an extremely grievous and flawed attitude to trample the rights of workers by strike bans instead of carrying our workers' struggle for their rights to a peaceful conclusion through the institution of their rights. As TURK SEN, we strongly protest and denounce the government's use of the outmoded strike ban.

"Unfortunately, our talks with the prime minister today did not produce positive results. The prime minister did not consent to the incorporation into workers' wages of the 29.71 percent cost-of-living increase or to pay the 43.68 million Turkish liras that it would cost for 1 year. The prime minister tried to pass it off with vague promises, saying, 'If I have done it for the public employees, I will do it for the workers.'

Meanwhile, it was learned that incidents had occurred at Ercan Airport between striking workers and those who did not join the strike.

According to information obtained, some nonstriking Civil Aviation Office employees at the airport were beaten by strikers.

Police were investigating a beating incident which had occurred the previous night and had taken statements from four persons, according to a statement released on the subject.

8349
CSO: 4907

TURKISH CYPRIOT TRADE DEFICIT UP DESPITE EXPORT RISE

Nicosia BOZKURT in Turkish 17 Apr 80 p 1

[Text] Nicosia (CYPRUS NEWS AGENCY) -- The Turkish Federated State of Cyprus [TFSC] has suffered a 612.6 percent rise in its trade deficit in the past 4 years, despite an 833 percent rise in exports. The foreign trade balance, which shows the difference between a nation's exports and imports, has shown a growing deficit every year in northern Cyprus, and according to the statistics, imports have increased by 612.6 percent since 1975, rising from 298.3 million Turkish liras to 2,125.6 million Turkish liras.

Slowdown Reversed in 1979

The present structure of the foreign trade balance, which is accepted as an indicator of a nation's economic development and power to compete against other nations, shows development contrary to the TFSC's strength in foreign markets. The slowdown observed after 1976 in the rate at which the foreign trade deficit was growing accelerated again in 1979 as a result of a 70.8 percent rise in imports as compared to the previous year. The foreign trade deficit rose by 60.2 percent in 1979, the highest level since 1976.

Export Increase Prevented Further Growth of Deficit

Despite the reacceleration of imports in 1979 following several years of a slowdown in their growth rate, a steady increase was seen in exports also. According to TFSC export figures, exports rose at an average annual rate of 75 percent in the 1975-1979 period. The high, stable rate of increase in exports has prevented even further growth of the foreign trade deficit.

Economists' View

Economists in the TFSC say, "The TFSC must close the foreign trade gap in order to increase its competitive strength on foreign markets. The economists have stressed that "in order to do this, the TFSC must implement a production-oriented foreign trade program that will step up investments."

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CSO: 4907

RAIF DENKTAS PROPOSES SHORTENED MILITARY SERVICE

Nicosia HALKIN SESI in Turkish 18 Apr 80 pp 1, 2

[Text] Nicosia (TURKISH AGENCY CYPRUS) -- The General Assembly began discussion yesterday afternoon of the military service bill.

General discussion of the bill in the Assembly was completed.

Opposition national deputies speaking on the bill generally criticized the length of military service. Maintaining that the 30-month military service has a negative effect on the economy, that it is the cause of emigration and that it leads to young people's being left without job skills and careers, the national deputies proposed that the period of service be reduced to 18 months.

Naci Talat indicated that article 7 of the bill would make distinctions among persons who perform military service, while Alpay Durduran called for restriction of the period of service by law and a thorough determination of the security requirements of the Turkish community.

Ismet Kotak and Ekrem Ural from the opposition also expressed their views on the bill, maintaining that the 30-month period of military service has a negative effect on the community. Mustafa Haci Ahmet, meanwhile, claimed that speeches made in the villages by certain opposition deputies were scaring young people away from military service and causing them to flee the country.

Raif Denktas Proposes Reduction to 18 Months

Expressing his views on the military service bill during discussion of the bill, National Unity Party National Deputy Raif Denktas called on the ruling wing to take a positive step in the direction of the opposition's desire and reduce the period of service.

Denktas, in a written proposal presented to the chair, proposed a reduction in the period of military service to 18 months.

Harshly criticizing the practices of his party's government, Raif Denktas said in his speech that the period of military service should be set by law, not by regulations made by the Council of Ministers.

Commenting on the discrimination in article 7 of the bill, Denktas maintained that certain persons had received unfair discharges by means of court decisions and asked who would march on them.

Prime Minister Replies

In response to Raif Denktas' speech in the Assembly, Prime Minister Cagatay stressed that the community was a society which knew it was pulling itself up. "We must not make evaluations which halt the society's speed of advancement and which would deny what it has accomplished," he said.

Stating that criticism of the government was necessary, Cagatay said that a person who would speak on such an important topic should first learn his own duties and the discipline within his own party and put them into practice.

Stating that the government would do everything necessary for passage of the military service bill, the prime minister concluded his remarks by saying:

"Efforts are under way to reduce the period of military service in keeping with the needs of society. It is possible to do so and it will be good for the community."

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CSO: 4907

BRIEFS

CONSCRIPTION OF WOMEN--Nicosia--In accordance with article 4 of the Military Service Bill that was debated and subsequently passed by the Federal Assembly the other day, women, who are called on for military service with the approval of the Federal Assembly under extraordinary circumstances, may be drafted to perform support services. The conscription of women, the services they are to perform and other issues shall be spelled out in law. [Excerpts] [Istanbul GUNAYDIN in Turkish 1 May 80 p 5]

CSO: 4907

POLL SHOWS CONSERVATIVES BIG GAINERS AT EXPENSE OF CD

Copenhagen BERLINGSKE TIDENDE in Danish 6 Apr 80 pp 1, 28

[Article by Solveig Rodsgaard]

[Text] The Conservatives are starting to regain their political position from the period before the catastrophic 1973 election. At a time when several Social Democrats are courting the Conservatives with an eye to negotiating on the government's crisis plan the latest Gallup poll shows that the Conservatives would get 29 seats in Folketing compared with the 22 they have now, making them the second largest party in Folketing.

But the remarkable Conservative gain of 3.1 percent in a single month occurred at the expense of the Democratic Center Party (CD) and the Progressive Party. According to the Gallup poll CD would disappear from Folketing altogether and the Progressive Party was given the lowest level of voter support it has ever had.

Another thing worth noting in the Gallup poll is that the Social Democrats have kept their position in relation to the February poll--though they are still 2 percentage points below their election support. In spite of violent political outbursts against the Radical Liberals for pulling out of the interest deduction compromise the party lost only 0.6 percent of its backing since February and the party is still above its election figure.

The voters have noted the internal conflicts in CD. Several party members--including former members of parliament--have left the party in protest and the public was not left unaware of the fact that alcohol was the reason behind group chairman Rene Brusvang's resignation.

The declining support for the Progressive Party shows that some of its voters are returning to their old parties, first and foremost the Conservative Party.

Political Index

Question: What party would you vote for if we had a Folketing election tomorrow?

Survey made 8-22 March 1980

	Oct 1979 pct.	Nov 1979 pct.	Dec 1979 pct.	Jan 1980 pct.	Feb 1980 pct.	Mar 1980 pct.
Social Democrats	38.3	39.0	38.9	37.7	36.5	36.5
Radicals	5.4	5.7	5.7	5.9	6.4	5.8
Conservatives	12.5	13.0	13.7	13.6	13.1	16.2
Single-tax	2.6	2.6	2.2	2.3	2.7	2.3
Socialist People's	5.9	6.0	6.2	6.2	6.3	7.1
Communists	1.9	--	2.0	--	--	--
Democratic Center	3.2	3.0	3.1	2.0	2.8	--
Christ. People's	2.6	2.4	2.2	2.7	2.5	2.3
Comm.Workers (KAP)	0.4	--	--	--	--	--
Liberals	12.5	12.3	12.4	13.8	12.2	13.0
Leftist Socialists	3.7	3.9	3.9	4.3	4.5	4.2
Progressives	11.0	10.1	9.4	9.5	10.7	9.1
Others*	--	2.0	0.3	2.0	2.3	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

* Parties with less than 2 percent of the vote

Source: Gallup Institute, BERLINGSKE TIDENDE

Not since the end of 1972 has the Conservative Party had so much voter support in a Gallup poll. The election in December 1973 which included two big new parties, CD and the Progressive Party, gave the Conservatives 9.2 percent of the votes and 16 seats in Folketing. But the downward slide continued and in the 1975 election the party ended up with only 10 seats.

BERLINGSKE TIDENDE made the following estimate of what this would mean in terms of seats in Folketing on the basis of the Gallup survey.

	Today	Gallup
Social Democrats	68	66
Radical Liberals	10	11
Conservatives	22	29
Single-tax Party	5	4
Socialist People's Party	11	13

	Today	Gallup
Democratic Center	6	0
Christian People's Party	5	4
Liberals	22	24
Leftist Socialists	6	8
Progressive Party	20	16

It should be added that the calculation was made on the basis of 175 seats. The constitutional allocation of two seats to the Faeroe Islands and two to Greenland was not included.

6578
CSO: 3106

JORGENSEN GOVERNMENT KEEPS VACILLATING ON ECONOMIC POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 30 Mar 80 p 2

[Editorial]

[Text] The Social Democrats are wavering back and forth in their views. When they have to take a stand on the serious situation they are in they talk as if they don't know what they said yesterday and have just as little idea what they will say tomorrow. That has been the behavior of the government throughout this dramatic spring.

When the prime minister is asked who he intends to negotiate with on his big plans he often names the Radical Liberals. When the spokesman for the parliamentary group is asked he rejects the Radicals as reliable cooperation partners. The finance minister is relying heavily on the Liberals as the party that can work with the government to form the nucleus of the base that must be established--totally ignoring the fact that this constellation has already been tried in a government coalition that ended in a miserable collapse. And at the end of the week the spokesman was saying kind words about the Conservatives as possible compromise partners while he didn't have much faith in the Liberals. The government is talking but it doesn't know what it's saying.

Anker Jorgensen's government is unable to meet the obvious demand that it represent firmness and strength of will. It is not the tool every government must be so that parliamentary work can occur in a responsible way. This is a condition that is very harmful to society. It is a condition that cannot continue if the country is to be brought through the crisis. And the consequence is that others must assume the task of giving parliament the strength the government is cut off from providing. This means that the Liberals and the Conservatives--preferably but not necessarily in combination with the Radical Liberals--must unite on the task of guaranteeing the regime the stability that is needed.

It has been often said but is no less true for that reason that the election last year indicated that the four old parties must unite on the

task of solving the crisis. The Social Democrats don't want to admit that since they see maintaining a Social Democratic government as their most important goal. But this attitude only increases the obligation of the other parties to live up to the reasonable expectations of the voters with regard to their efforts. They cannot force a government that doesn't want to be forced but through a mutual stand they can delineate the broad cooperation the situation demands and show the way the Social Democrats don't want to see but will be forced to take anyway.

These parties must make the government understand what so far it has been unable to grasp.

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CSO: 3106

FAEROES' PARLIAMENT ADOPTS OWN CRISIS PLAN AS ECONOMY DIPS

Copenhagen BERLINGSKE TIDENDE in Danish 11 Apr 80 pt II p 2, 12 Apr 80 pt II p 3

[Article by Lisbeth Nebelong: "Crisis Has Reached the Faeroes"]

[11 Apr 80 p 2]

[Text] Facts About the Faeroes

Since 1948, when home rule legislation was adopted, the Faeroes has been a self-ruled community under the kingdom of Denmark with its own language and flag.

The Faeroese parliament is the legislative body and the Faeroese government the executive authority in a number of special concerns, while mutual concerns are administered by national authorities according to Danish law.

Danish law allows the Faeroese to assume many of these mutual concerns little by little and, so far, they have gained control of civic matters, public assistance, working conditions, taxes, finance, education and health, agriculture, fishing, trade, the mail and telegraph system etc.

The Faeroes have had a coalition government since 1978, made up of Social Democrates, Liberals and Republicans.

Denmark provides the islands with an annual grant, which in 1979 amounted to approximately 325 million kroner.

[11 Apr 80 pt II p 2]

[Text] Plan to Restore Prosperity

The Faeroes are in the midst of a crisis, which, according to Faeroese opposition politicians, "makes Denmark's problems seem like mere trifles."

Weekly foreclosures on ships, economic cutbacks and bleak future prospects are the real situation on these islands.

Throughout the 70's the Faeroes was one of the unique countries in the Western world that experienced prosperity and a wave of affluence which by far exceeded the good 60's. But now all that seems to have come to an end. The fishing industry is doing poorly, to put it mildly, which is shaking the entire little community.

Fishing Means Everything

Fishing constitutes almost 30 percent of the Faeroese national product and the exportation of fish and fish products comprises over 90 percent of its total exportation. When the fishing industry is doing well, all is well with the Faeroese and 1977 was a record year. The wave of affluence peaked and the nation had a positive balance of payment, including the subsidy from Denmark. But fishing limits have been changed since 1977 and the quotas alloted to the Faeroes through negotiations with various countries have become smaller and smaller. Faeroese fishermen have been forced to move out of traditional fishing areas, primarily the Greenland area, and they must now accept the fact that 80 to 90 percent of their catch must be taken in domestic waters, whereas previously an equal amount was fished along other coasts.

Less Money for Faeroese

Rising oil prices have had a severe impact on the fishing industry and the price of fish no longer keeps pace with other costs. Trade has been reduced or, in other words: the Faeroese have less money to spend. At the same time, the foreign debt has grown to 700 million kroner and, since the islands have approximately 43,000 inhabitants, it means that every inhabitant owes more than 16,000 kroner abroad or a little more than the average Dane.

Threatened by Foreclosure

The nation has invested heavily in the construction of roads and harbors and in developing the flourishing fishing industry; furthermore, the number of public employees has nearly exploded in the last few years, which has been a drain on the national treasury. Large amounts of money have also been invested in the fishing fleet and, as a result, the Faeroes has one of the world's most technically advanced fleets today. But this has cost a great deal and now, since the ships can no longer fish where they want to, the capacity cannot be utilized and many ships are threatened by foreclosure.

Crisis Plan

On 6 March the Faeroese parliament adopted a crisis plan which is designed to help the hard-pressed fishing industry. The industry will receive 72.5 million kroner this year in addition to other subsidies. Altogether, the industry will get over 200 million kroner, or about 30 percent of the 1980-81 budget, compared to 20 percent of last year's budget.

The money will come in through a change in the tax law, an additional import duty and increased exise taxes, particularly on cigarettes and alcohol. At the same time, Parliament voted to freeze the cost-of-living index, which stood at 144 (compared to 100 in 1975), as of 1 January this year and to withhold taxes based on the cost-of-living index. The cost-of-living proposal above all angered the population. All the unions and their members went on a 24-hour protest strike. The cost-of-living index serves as the only basis for wage adjustments within a contract period and workers feel the proposal will affect the minimum wage earner in particular. Workers' real income already dropped 3 percent in 1979 compared to the year before.

Pessimistic Report from Denmark

Denmark recently published a report on the economic development on the Faeroes and it is not optimistic. The report, prepared by representatives from the National Finance and Industrial Ministries together with Danish Statistics, predicts a further drop in trade and a rapidly growing balance-of-payment deficit if economic policy is not tightened considerably. It also warns against keeping the entire fishing fleet afloat by artificial means and advices to "weed out the stock."

The Chairman of the Faeroese Economic Council Johan K. Jensen is not happy about the development. He does not think the crisis plan is adequate and he says that investments and consumption must be curtailed considerably, both private and public, in order to straighten out the economy. That is also the opinion of the chairman of the largest opposition party, Pauli Ellefsen of the United Party, who also wants tighter regulations as to which ships should be subsidized.

Faeroese Circuit Court Judge and Social Democrat Atli Dam is not so concerned about the future:

"It is a matter of temperament as to how strongly one characterizes the situation on the Faeroes. Some talk about a deep crisis, but I prefer to speak in terms of serious economic difficulties, which we no doubt shall solve. It is not the first time the Faeroese are in the midst of a difficult period. Business conditions here have always fluctuated a great deal, but the Faeroese are a people accustomed to change and things will undoubtedly work out this time too."

No Unemployment

Atli Dam thinks we should be careful about drastically "cutting back" our activities. "They should be controlled more closely, but a sudden stoppage on all fronts will cause unemployment, which, up to now, has been an unknown concept on these North-Atlantic islands. If a worker loses his job, he simply takes to fishing. That has always been the case on the Faeroes and, hence, we have nothing like unemployment benefits.

"However, it is doubtful that this situation can continue, considering the fishing restrictions. But it is too early to say that fishing along our own coasts will not be profitable," according to Atli Dam. "These possibilities have not been investigated thoroughly enough and that also goes for export possibilities. More effective efforts will now be made with respect to the sale of fresh fish to the European market through further investments in fish factories and better utilization of transport possibilities, among other things.

"In order to reduce the growing costs in connection with our imports, domestic industry will be expanded. Agriculture will be strengthened by raising more cattle, for instance, and by growing more vegetables and flowers. Greater emphasis will be placed on breeding trout and salmon and the Parliament, now in session, will further discuss whether Faeroese breweries should be permitted to produce Pilsner beer as well as strong beer."

Oil Adventure Can Wait

The Faeroese will start drilling for oil and natural gas near Vestmanna on Stromso. Geological investigations have shown that there might be oil in the vicinity of the Faeroes, but Atli Dam emphasized we are not seriously expecting to become one of the many oil nations.

"The Faeroese are not interested in the great oil adventure, at least not here and now. A speedy development will upset the Faeroese culture and lifestyle and we want to make sure we can handle it by ourselves without any outside interference," said Atli Dam.

[12 Apr 80 pt II p 3]

[Text] Faeroese Cultural Revolution

Even though gasoline consumption on the Faeroes dropped by 10 percent last year and automobile sales stagnated, it was not because the Faeroese have begun to readjust from the prosperity in the 70's to the crisis which now threatens the community.

Television was introduced on these North-Atlantic islands in March 1979 and it truly created a cultural revolution, which pessimists fear will be the islands' downfall, while optimists feel television is simply a part of every modern society.

But one thing is certain, the nightly ride in the car and the crowds of people in the streets are things of the past. Even the activities of the Salvation Army and other religious sects on the street corners in Thorshavn have a hard time competing with "The Unfortunate Heroes" and Miss Piggy and other muppets. And the community bench in tiny Nolsoen, which for generations has been the place where old men gathered to discuss politics, fishing, wind and weather, stands empty and deserted like a symbolic monument to a bygone era.

But it is not just television that has changed the Faeroese society. From the middle of the 30's till today, the Faeroese have changed these islands from a poor agricultural nation into a modern community with a technically advanced fishing fleet and a flourishing fishing industry. No self-respecting Faeroese lives in an apartment and, with the prosperity of the 70's, the larger towns have been filled with large-sized homes. Today the number of inhabitants in the capital of Thorshavn is over 14,000. That is just 4,000 more than 10 years ago, but areawise the city has spread beyond all limits and is creeping upward along the mountain-sides.

Music and Food for Grilling

The consumption pattern is also that of a modern society and all it implies. Even though the fishing industry in approaching bad times, it has not yet affected consumption. Since the opening of the SMS shopping center in 1978, people in Thorshavn no longer go down town to shop, but drive out to the shopping center where they fill the car with groceries for the entire week. The center, which is now being expanded to twice its original size, is not inferior to any Danish shopping center as far as commercialism and proficient marketing is concerned. Music pours out of the loudspeakers, there are contests and performances and the food for grilling together with the entertainment draw many young people in their leisure time. The price of the center's success is primarily being paid by small stores in the center of town. Many owners have already had to close shop and more will probably meet the same fate.

Flourishing Cultural Life

Cultural life on the Faeroes has gradually become rather diversified, consisting of more than Faeroese song and dance, the way many Danes picture it, and is the only leisure-time activity among the Faeroese--except for killing blackfish, of course. The music of the islands includes a very active amateur symphony orchestra and a large number of brass orchestras. In addition to a number of amateur theater groups on the islands, there is now also a professional theater group, Grima. The Faeorese are very active in sports, go to movies quite often, borrow library books and are among the world's most avid newspaper readers, with 3.7 newspapers per household. These are activities in which most Faeorese participate, but o herwise they are divided into two groups, those who belong to religious sects and those who belong to "beer clubs," which feature song, dance, music and card-playing.

But what about the culture now as the private association, Sjonvarpfelagid, has been granted permission from the government to establish cable TV and tap into programs from Denmark until public Faeroese television can be established? For the time being, programs are transmitted four afternoons and evenings a week and Faeroese radio, which has gradually come to feature varied and serious programming in native Faeroese, is not being rejected in favor of American films and Danish entertainment programs. However, the association is also experimenting with a few Faeroese programs. But since

there is no license fee, only a small membership contribution, there is not much money available for domestic productions and these programs clearly reflect a tight budget. Everything coming in is dispensed through "the box;" there has not been enough money to buy a clipboard.

Fear For Faeroese Language

It has not yet been determined when public Faeroese television will become a reality. They are talking about 1981, but there are no plans for a station or for TV legislation yet. And perhaps the 80 percent Faeroese, who today can watch television, are not at all interested in national television since they have become accustomed to professional foreign television. In his book, "TV and the Future of Faeroese Culture," media researcher Jorgen Poulsen seems to have some doubts about Faeroese television. At the same time, he strongly warns against the present situation, which he feels will have unforeseeable consequences for the entire cultural life on the islands. Not least, he fears for the Faeroese language. After struggling for decades to, first of all, be permitted to speak and write the language and, then, to purify it of particularly Danish words, television provides a direct threat to the Faeroese language and to the national identity as a whole.

Karin Kjolbro, a Republican member of Parliament, believes that TV is a good alternative, especially for youth, who to a great extent can only engage in the commercial entertainment at the shopping center or religion in their leisure time. "Television, which in spite of all does feature serious programming, can help spread information," she said, but also emphasized that public Faeroese television must be expedited in order not to damage the language.

Community Houses and a Nordic Center

Faeroese "cultural minister," Conservative D.P. Danielsen said that Faeroese TV will quickly become a reality, that TV had to come and that he believed Faeroese television will gradually be on an equal footing with other cultural offerings. "This is particularly true now that we have a more active cultural policy. We are offering grants to communities to establish community houses for cultural activities and a large cultural center, the Nordic Center, which will be constructed in Thorshavn in cooperation with the Nordic Council. The work will begin in October and, when it is finished in 1982, Thorshavn citizens will have other things to think about than television," said D.P. Danielsen.

8952
CSO: 3106

GREENLAND EXPECTS 50 [illegible] MILLION KRONER FROM EC FUND

Godthab GRONLANDSPOSTEN in Danish 13 Mar 80 p 7

[Text] The Greenland Ministry has so far submitted applications worth approximately 37 million kroner from the EC regional fund for various government construction projects on Greenland in 1980, including work in connection with the STOL airport in Ilulissat and the new power station in Sisimiut. More applications from the ministry are on the way so that the total request is expected to be 50 to 60 million kroner in 1980. In comparison, Greenland received approximately 70 million kroner from the same fund for various projects in 1979.

Besides the applications from the ministry, Greenland's provincial government is also expected to apply directly for funds from the EC, including grants for township water and power plants. The provincial government had to assume this area of responsibility as of 1 January this year and, according to an agreement between the government and the ministry, the government will take the initiative in applying for EC funds for the townships. The ministry, in turn, will dispatch the applications to Brussels.

Are Possibilities Utilized?

"Do we utilize all possibilities to get EC funds for Greenlandic projects?"

Parliamentary member Otto Steenholdt, Attasut, asked this question of Greenland's minister Jorgen Peder Hansen at the beginning of the year. Otto Steenholdt also wanted to know whether the ministry had availed itself of an entirely new possibility in connection with the regional fund, namely the allotment of so-called quota-free aid. This aid falls outside the 3-year quotas which are agreed upon among EC countries.

New Aid Arrangement

The Greenland Ministry reported it had not sought aid for Greenlandic projects from the quota-free portion of the regional fund. That was primarily because the 1979 Danish quota was so large that all qualifying projects on Greenland could get the maximum amount allowed, namely 30 to 40 percent

of the cost of all projects in question. Furthermore, the quota-free aid can only be used for very special kinds of projects and a more detailed aid formulation is continually being developed.

Up to 50 Percent of Expenditures

The Greenland Ministry is aware of the new possibility. In answer to a question from AG, administrative assistant Henrik Fischer said that one area that might possibly benefit from quota-free funds would be alternative energy programs.

"We consider it very likely that water power projects on Greenland will get such aid. But it will take a couple of years before we can develop such a program. Moreover, eventual aid from quota-free funds would only cover part of the program's total cost, presumably up to 50 percent," Henrik Fischer concluded.

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CSO: 3106

POLL SHOWS DANES READY TO PAY FOR SOME SOCIAL SERVICES

Copenhagen BERLINGSKE TIDENDE in Danish 5 Apr 80 pp 1, 10

[Article by Frank Dahlgaard and Gallup Institute director Asger Schultz]

[Excerpts] The widespread free services principle no longer has the support of the majority of the population.

This was shown by a Gallup poll based on answers from a representative selection of the voting public.

The Gallup Institute asked people if in principle they felt that all public services in such areas as doctor's care and library loans should be absolutely free or if these services should cost at least something. Some 46 percent backed the free services principle here but an equal number opposed it while 8 percent didn't know.

It is worth noting that among Social Democratic voters only a very small majority favored the free services principle. Among voters for non-socialist parties the feeling prevailed that the presently free public services could cost something in the future.

The Gallup replies showed surprisingly that people with small incomes are not more in favor of the free services principle than people with higher incomes.

First Day of Illness

The Gallup Institute also asked if people wanted the sick pay arrangement retained or if in the future people should pay for the first day of illness themselves.

A clear majority--56 percent--favored people paying for their own first day of illness in the future. Only 31 percent felt that sick pay should start immediately. Even among Social Democrats a clear majority favored

tightening up the sick pay rules. Only voters to the left of the Social Democrats opposed a change.

The new Gallup poll shows that there is broad public understanding of and desire for spending reforms in the public sector. The free services principle is not the "sacred cow" for voters that it seems to be for most politicians.

Although heavy tax pressures were not mentioned at all by the Gallup Institute it seems obvious that many people would rather pay directly for a number of public services than pay for them through taxes.

If I Were Finance Minister

The government has announced extensive savings, unusual both in their scope and with regard to the areas in which the cuts are to be made.

The Gallup Institute asked a representative cross-section of the people which areas they feel the government should turn to first in making cuts in spending.

The question was first asked in a completely open-ended fashion, in other words those interviewed were not presented with various alternatives to choose from.

	Total %
Social sector	31
Public spending	21
Public assistance	7
Education/training	7
Health care system	4
Cultural sector	9
Military spending	13
Public works projects	11
Other	12
Don't know	19
Total	135

The area that occurs to the voters first is the social sector. Almost a third of those asked (31 percent) spontaneously indicated that area, the most sensitive one politically. Roughly one-fifth (21 percent) replied with broadly "public spending" without a more definite indication of where these cuts should be made.

More specifically 13 percent wanted to save on military spending while 7 percent mentioned "public assistance." If this group is added to the

group answering "social sector" it brings that area up to almost 40 percent. Since about a fifth of those answering (19 percent) said "don't know" this means that half the voters who had an opinion as to how the state should save money pointed immediately to the social sector. In addition some of those who answered "public spending" must have had the social sector in mind making this area quite dominant in the ideas of voters as to where savings could be made.

The survey also shows clearly which areas are most controversial politically. They are first and foremost the social sector and the military while such things as health care are said to be politically neutral.

Then the following question was asked in which respondents were presented with concrete savings areas:

"I have here a chart showing public spending areas. In some areas typical examples of spending in the area are shown. Would you look at the chart and tell me this: if you had to choose three areas where the state should reduce its spending which would you choose? Please list them in the order you feel they should be put. What are the most important areas in which savings should be made?"

	Total	Left of Soc.Dem.	Soc. Dem.	Right of Soc.Dem.
Social sector	21 %	9 %	11 %	31 %
Education area	8	1	10	10
Health, hospitals, doctors	2	1	3	3
Cultural sector	21	12	22	21
Traffic and communications	4	3	3	4
Housing sector	2	2	1	3
Measures to stimulate jobs	1	1	1	2
Defense	29	68	34	15
Faeroe Islands, Greenland	3	2	4	2
Don't know	10	3	12	8
Total	101 %	102 %	101 %	100 %

One gets a better idea of the areas the fewest people want to see cut by asking this question directly and therefore the institute asked:

"Are there some areas you feel should definitely not be cut?"

The answer to this question was as follows.

	Total	Left of Soc.Dem.	Soc. Dem.	Right of Soc.Dem.
No	5 %	4 %	4 %	6 %
Social sector	37	63	52	26
Education area	30	61	29	22
Health, hospitals, doctors	58	75	62	52
Cultural sector	8	29	10	6
Traffic and communications	16	29	20	13
Housing sector	17	36	23	11
Measures to stimulate jobs	20	34	19	19
Defense	13	3	10	24
Faeroe Islands, Greenland	6	19	7	4
Don't know	11	4	11	11
Total	222	358	246	193

One area seems to be sacrosanct--health care--and this is true regardless of party affiliation. However it is hard to make comparisons on the basis of party affiliation since the level is higher the further one goes to the left. And the difference is clear, in contrast to non-socialist voters the left-wing voters have a hard time finding areas in which to make cuts--aside from the military--while on the other hand finding it very easy to name areas in which cuts should not be made. In this "willingness to make spending cuts" the Social Democrats are closer to the non-socialist voters.

Allowing respondents to play finance minister in this way does not give a realistic picture however, making this survey more a political--and partisan--evaluation of voter attitudes with regard to various savings opportunities.

The conclusions that can be drawn from this are first that voter ideas are quite far from the prospects they are most likely to be confronted with and second that voters to the left of the Social Democratic Party appear to be the hardest to talk into savings measures of the type presented in the survey, aside from military spending.

(Source: BERLINGSKE TIDENDE and The Gallup Institute.)

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PAPER COMMENTS ON POLL SHOWING NEW WELFARE STATE VIEWS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Apr 80 p 10

[Editorial]

[Text] The Easter crisis politicians could learn a great deal about the voters' definition of the welfare state from today's Gallup poll on where spending cuts should be made.

The vast majority of the people--close to three-quarters of those who were surveyed--believe the social security pension is an inalienable right. That applies especially to Social Democrats but the belief is almost as strong in the political groups to the left and to the right of the Social Democratic Party.

There is no other area within the welfare state on which public opinion is more united than care for the elderly. The unshakeable position of old age pensions in the eyes of the general public is even more impressive because there is a definite willingness to reduce many other social programs.

Since the poll also indicates that health care and hospital services are also regarded as a basic necessity one gets a clear picture of a public which despite the expansion of welfare policies retains an elementary concept of the basic conditions of life. One of them is growing old and becoming unable to care for oneself. Another is the inability to master major illness. From the predictable and the unpredictable the public has chosen with a sure instinct the two major areas where it wants collective security.

Against this background it is not surprising that the poll also found a widely-based understanding of the need for defense. Unity on this point is not as great and is much less broadly-based than the agreement on the two big social areas. But the fact is that less than a third of the people in this country view defense as the most important area in which

savings can be made. If defense is evaluated on a par with other possible savings areas less than a fifth of the people questioned chose this sector.

On the basis of the intensive debate that has been going on for some time now concerning public savings we have reason to assume that the voters are well aware how they would be personally affected if their wishes with regard to spending cuts were to become reality. Therefore the poll can be taken as an indication that there is a greater willingness on the part of the people to take care of themselves than society has deemed reasonable in the past. This can be seen in the reactions to unemployment subsidies and assistance and various forms of child support via direct payments and institutions.

The question now is whether these good intentions will be met so that savings can be made in line with what the people want.

6578
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OFFICIAL EXPLAINS GREENLANDER JOB-PREFERENCE BILL

Godthab GRONLANDSPOSTEN in Danish 13 Mar 80 p 7

> [Text] The EC will grant dispensation to the government's legislative proposal concerning jobs on Greenland, which will now be adopted after 6 years of negotiations.

Six years after the Greenlandic provincial council first recommended a ruling concerning employment of Danes on Greenland, the provincial government's Trade Directorate has now reached an agreement with Danish authorities on the legislative proposal.

"The desire for such a ruling was first formulated by the provincial council in 1974," John Andersen, assistant director of the Trade Directorate told AG. "But there has been great opposition to the proposal on the part of Danish authorities."

However, after lengthy negotiations with the Justice Department and the Labor Ministry, among others, a decision has finally been reached on the formulation of the bill, which will be introduced in the third and last session of Parliament (see proposal in AG Number 10).

John Andersen said that with this legislation Greenland will have a chance to control the employment policy so that we can better protect Greenlandic labor and counteract the irrational Danish emigration to Greenland, as far as the Greenlandic community is concerned.

"The provincial government has thus achieved one of its main objectives, namely to protect the Greenlandic labor market as far as local labor is concerned," said John Andersen.

Dispensation From the EC

Procrastination by the central administration in Denmark has meant new difficulties in carrying out Greenland's wish.

If the request had been granted during the years immediately following 1974, Greenland would not have had to await dispensation from the EC.

"One of the main problems in connection with the employment bill has been the EC," said John Andersen and he pointed out that the name of the bill had been changed for that reason. "Originally, the provincial government's proposal, which was submitted during the 1979 fall session of Parliament, dealt with residence and work permits. Now the proposal deals with terms of employment.

"That is not so offensive to EC ears," said John Andersen. "It is already used to the idea that a business community should be granted special terms."

The problem has been the Rome Treaty, paragraph 48, which deals with the free movement of labor within the EC and the problem has not yet been entirely solved.

"Today we need a dispensation," John Andersen explained. "If the proposal had been adopted prior to 31 December 1977, that would not have been necessary, so things would have been easier at that time. Now the project has been subject to so much delay that the EC has imposed a tightening; hence, we will get a dispensation."

AG: "Do you expect to get it?"

"Yes. According to the Justice Ministry we should get it because it is not possible to differentiate between Danes and other members of the EC. We are just talking about protective measures for the citizens on Greenland and the EC is expected to accept that."

Compromise

With the new legislation, the provincial government will be able to control employment policies pertaining to unskilled labor, office personnel, public educators and seamen. A labor market committee will guarantee that only dispatched Danish labor be employed, provided there is no local labor, and the employer in question will be given a special work permit. He can then obtain a worker from Denmark, but the Dane in question can only remain on Greenland as long as he is employed in the same place or has once more been evaluated by the labor market committee.

Finally, the provincial government member in charge of labor will be given the opportunity to apply this legislation to other areas of the labor market as he sees the need to protect local labor.

However, in answer to a question from AG, John Andersen admitted the bill does not cover all provisions.

"We would like to have had a time limit with respect to the employment of Danish labor so that we could reevaluate the labor situation in a few years. But that we have not been able to obtain. The Justice Ministry does not think that would be legal."

AG: "That means you cannot let people go once they have been employed?"

"Yes, unless they stop working for the same employer, who holds the work permit."

AG: "Thus the worker is dependent upon his employer?"

"Yes. If he or she is fired, that person would risk having to return to Denmark."

This legislation does not apply to Danes living on Greenland at the time the law goes into effect.

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CUT IN AGRICULTURAL INVESTMENT HITS LABORERS, FACTORIES

Copenhagen BERLINGSKE TIDENDE in Danish 17 Apr 80 p 13

[Text] Agricultural investments have declined sharply in the last 4 months under the investment freeze which the organizations in this sector lifted yesterday.

An estimate made by the Agricultural Economic Institute at the end of March showed that investments in the 1979-80 operating year will decline 15 percent in fixed prices for buildings and 20 percent for fixtures compared with the previous year. The decline stems mainly from the first few months in 1980.

At the same time the machinery branch reports that its sales were cut in half during the first months of this year. In 1978-79 investments of 4 billion kroner were made in agricultural machinery and fixtures. Building investments for that year totaled 2.4 billion kroner.

Especially Hard

Several manufacturers of farm machinery have had to reduce their labor force or reduce work schedules.

"The first 4 months of the year were especially hard for us," said one of those affected in the machinery branch, director Finn Poulsen of Sydjysk Maskinforretning in Kolding. He did not think his situation differed from that of his competitors. The investment freeze also hit the farmers' own machinery business which had to cut personnel from 800 to 650. In addition the owners, the cooperative societies DLG and FAF [expansions unknown] had to give DLAM [Danish Agricultural Cooperative Machinery Purchasing Society] 20 million kroner in new capital.

Another indicator of investment developments in agriculture is the number of applications for modernization subsidies submitted to the State Farm Committee.

Applications

The committee says that the number of applications received in the first 3 months of this year totaled 226 compared with 856 in the same period last year.

Even before the announcement of the investment freeze in December 1979 investment activity was low in agriculture. Thus no one in the business is expecting an investment boom now. Interest rates are still so high that new investments with normal financing will not be profitable.

This year the Agricultural Economic Institute received 169 million kroner for agricultural modernization loans. The money is used to reduce the market interest rate on loans to agriculture by an average of 15 percent. If the present low investment tempo continues the appropriation will not be entirely used up this year.

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BRIEFS

GREENLAND ENERGY PRICES UP--Tremendous oil price increases are now forcing Greenland's energy prices to a level which is more than double that of Denmark's. Beginning 1 April, Greenland's Technical Organization, GTO, will raise electric and heat rates by an average of almost 11 percent, which means that rates will have gone up by about 22 percent in less than 6 months. And GTO expects further increases this year. The new rate increases only apply to cities that have unit prices. Township rates are already considerably higher--in some cases as high as 2.50 kroner per kilowatt hour. The high rates are due to Greenland's basic dependence on oil, among other things. International market developments have heightened the interest in utilizing Greenland's tremendous resources, such as water power, coal and wind power. [Text] [Copenhagen INFORMATION in Danish 29-30 Mar 80 p 17] 8952

CSO: 3106

ECONOMIC PLATFORM OF GREEN PARTY VIEWED

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Apr 80 p 12

[Article "Much Is Copied"]

[Text] The Green Party presented its program last week at the Saarbruecken convention. It contains numerous inconsistencies and contradictions, above all in the field of economic policy.

Chapter 7.3 of the economic platform deals with the whales. Section 167 demands an immediate ban on hunting and capturing these gigantic inhabitants of the sea. The poor Eskimos are by no means forgotten. The whales may be hunted "with traditional means of hunting," but -- and that excludes harpoon-equipped sports hunters -- only "for the immediate acquisition of food."

The Green Party program adopted last week in Saarbruecken is full of such individual proposals apparently thought out to the last detail. For not only has "modern fishing become entangled in a net of inherent compulsions," as it says in Section 158, but energy policy and traffic as well.

"Policies which are oriented toward growth and promote concentration," according to the Green Party, "have led to an excessive separation of the areas in life of living, working, recreation, education and buying. The result is a tremendous density of traffic." The economic strategists are seeking a remedy in "the promotion of varied units, as independent as possible, in place of large formations which are monotonous and hostile to the environment." There is supposed to be "decentralization," highrise buildings are no longer to be built; instead, two to three-story residential structures will be preferred.

But if no highrise buildings may be built the environment will be threatened by new damage through overdevelopment of the land. A conflict which architects and social policy experts have known about for a long time.

In part three of the economic program, which describes an "ecologically and socially oriented economy (dynamic circulation economy)," economic and social councils are mentioned rather incidentally. In a supplementary proposal a system of councils, through which investments are to be steered, is formulated in every detail.

Yet this received just as little response from the majority of the party convention as a proposal, obviously patterned on the Yugoslav model, which was aimed at promoting cooperative forms of enterprise.

The rejected proposals were the only ones in which the concept of "property" was even mentioned. According to them there is not supposed to be any "dispossession" either. Certain pithy, Marxist sentences, such as "Production is not determined by the needs of the people but by the interests of big capital" do not permit the conclusion that Marxists and Communists have penetrated the Green Party.

Nevertheless, Heiner Geissler, secretary-general of the Christian Democrats, accuses the Greens of being "victims of the erroneous idea that they can serve the requirements of environmental protection through a socialist change in our economic and social systems." And Lothar Schwartz, speaker of the SPD Executive Committee, feels justified in his view "that the Greens get into difficulties as soon as they try to establish factual standpoints that reach beyond the purely ecological issues." However, the campaign statement expressed by ecologists and citizens' initiatives, the Multicoloreds and the Reds, at their party convention in Saarbruecken also includes some things which are contained in the election platforms of the established parties. The Greens demand: "The large conglomerates must be decentralized into more clearly visible enterprises, democratically self-governed by those who work there," whereas the draft for an FDP election platform contains the sentence: "However, in view of the high level and growing tendency of enterprise concentration, a concept for decentralization of business relations must be developed."

The Greens demand: "Small, medium-sized and above all alternative enterprises should be preserved, set up and promoted," while the Christian Democrats state in their economic policy program that in order to strengthen the forces of competition "prevention of competitive limitations and improvement of the competitive ability of small and medium-sized businesses" must be included.

The Greens demand: "Investments in the economy over the next few years must be aimed at eliminating unemployment and saving energy and raw materials," while the SPD in its draft for an election platform promises: "The SPD will strengthen its promotion of those technologies and economic areas which combine environmentally beneficial methods and job security."

Wolfgang Roth, economic policy expert for the Social Democrats, and once a leftist scapegoat, finds it "funny that much has been copied from papers

that I myself have written," for example the idea of the economic and social councils.

Roth also approves of the Greens' proposal that besides their financial bookkeeping the enterprises should also undertake ecological bookkeeping in which the environmental burdens originating from a business are to be entered. The Social Democrat views the demand for careful management of life's natural foundations as "completely justified." In his opinion this "will perhaps become the economic policy demand of the eighties."

Consequently, the main accusation which representatives of the Bonn parties can aim at the Greens is "the absolute contradiction" (Roth) inherent in the program. Roth: "The program lacks all political and social operational feasibility." His verdict: "This is an opportunist program."

Free Democrat Helmut Haussmann, economic policy expert for the liberals in the Bundestag, goes even further in his evaluation. In his opinion the Greens are striving for a "total declaration of incompetence for the state economic policy."

11949
CSO: 3103

TRADE WITH USSR INCURRED SMALL UNFAVORABLE BALANCE IN 1979

Helsinki HELSINGIN SANOMAT in Finnish 20 Mar 80 p 24

[Text] Finnish industry is about to receive additional orders from the USSR to the tune of billions. The final phase was reached in the negotiations seeking ways to reduce Finland's trade deficit with the USSR. The negotiations held in Moscow on the bureaucratic level will have a sequel next week when a USSR purchase delegation arrives in Finland in order to map out possible export areas.

Last year, Finland-USSR trade deficit rose to 2.7 billion marks. Even the deficit of payments, with the construction projects taken in account, amounted to nearly a billion marks. In the beginning of the year, Neste negotiated a new higher price for import oil. The precise price was not revealed publicly but it added to the deficit significantly.

The clearing account ceiling in the Finland-USSR trade has been 100 million rubles (about 600 million marks) until now. Both sides have occasionally approached the balance limit. However, oil importing has now tipped the scales decisively towards a Finnish deficit. In the beginning of the year, the clearing account deficit was about 800 million marks.

The negotiations over the balance of trade between Finland and the USSR constitute in fact a continuous process. According to office chief Erkki Tiilikainen of the Foreign Ministry trade policy department, the preliminary negotiations in Moscow have progressed to the point that certain new export fields already loom on the horizon.

"The final results and the monetary value, as well as distribution between various branches of industry will be determined on the basis of the purchase delegation findings," Tiilikainen says.

The Finnish and Soviet negotiators have been trying to figure out the extent of the present need for deficit refund. There are minor differences in the calculations. The upcoming few billions worth of additional exports are a fair shot in the arm for the Finnish industry. This year's trade agreement itself, which was signed at the end of last year, was already record-high. It added 20 percent to the sales finalized last year.

In negotiating this year's trade, capacity ceiling restrictions were discussed in some few areas of Finnish export. It appears, though, that there is room for additions. Magnifying glasses are now being employed to investigate all fields of industrial export in order to find ways to reduce the deficit.

"The use of capacity is fairly high, and we now have to look very intensively for new possibilities. The new sales do not alter the established traditional USSR trade subdivisions. However, it has been established that the agricultural capacity has been used to the limit," Tiilikainen says. He further indicates that discussions next week are unlikely to lead to the completion of the entire undertaking.

"Much depends on the USSR purchasing readiness. There are no magic answers to be found in the great projects (Norilsk, Svetogorsk, Kostamus)," says Tiikikainen but reveals that also the most current projects have been examined in the negotiations.

9571
CSO: 3107

BUSINESS GROUP REPORTS ON MANUFACTURING CAPACITY USE

Helsinki HELSINGIN SANOMAT in Finnish 15 Mar 80 p 28

[Text] ETLA's [Commercial and Industrial Research Institute] long-range study reveals that profitability follows the general trade fluctuations and that no clear developmental trends are projecting themselves. ETLA also investigated the dependence between profitability and investments and reached the results: "The dependence is quite clear. Income financing and profitability have great influence on investments."

The study also confirmed what had been believed to be true though not earlier substantiated, namely that the closed sectors do not fluctuate as extremely as the open sectors. The food industry, which is sustained almost exclusively by home markets, is immensely more predictable in showing profitability trends than forest industry, which rocks in the waves of international competition.

The central role of forestry in Finland's industry was again emphasized in the ETLA profitability trends study. When overall profitability decreased the most, in 1975-77, the forest industry's share of the plunge was about 62 percent.

As its predecessors, this new study presents no comparisons between different nations. Researcher Yla-Anttila said that this would be possible only if statistical material from business enterprises was available. Signifying figures based on enterprises' share of income as well as indicators of productivity of capital were used as profitability indicators.

Metal and Wood Take Different Roads

The decrease in profitability after 1974 was much steeper than the earlier changes in the 1960's and 1970's. Researchers in fact go back to the Olympic year of 1952, right after the Korean boom, to find a point of comparison. The decline in profitability appeared then gloomier than the post-oil crisis development has been.

Finland's main exporters, forest and metal industries, have developed in very different directions in the past decade. Forest industry drifted into poor profitability very decisively. Its share of production was only 20 percent, but its effect on the total decline in profitability as measured by the secondary value of capital income was about 60 percent.

The profitability of metal industry on the other hand was maintained fairly well also in the years following 1974. Differences between the two sectors occurred mostly in the years following the changes in the exchange rates.

In studies on the timing of profitability fluctuations, the researchers found that profitability changes measured especially by the productivity of capital had been getting noticeably more marked in the 1970's. The fluctuations in capacity use are seen to be the reason for this.

The intensification of the fluctuations in the gross productivity of capital are interpreted as an added risk connected with production and investment decisions. In the years to come, investments of a certain size are assumed to require a higher profitability level than before. To this contributes also the weakening of the financing system that is in part caused by the lessened profitability.

Finland no Different from Western Countries

The profitability fluctuations in the Finnish industry do not differ in long range in strength as compared with the average of the western countries. The past decade's changes, however, were relatively severe in comparison with other countries.

Finland and Sweden are in the same hole in the sense that the profitability was still going up there when it already had turned downhill elsewhere. Correspondingly, when others were already seeing the light, the northern neighbors were still in the darkest of pits.

The profitability of the Swedish industry weakened in 1975-77 proportionately more than Finland's. Researcher Yla-Anttila believes that this reflects, among other things, differences in the economic policies as well as differences in the financing systems of the countries. "The fact that the Finns were deeply in debt put its own limits on how low the profitability could be allowed to drop," Yla-Anttila stated when presenting the study.

1973 Level Exceeded Last Year

The profitability of the Finnish industry climbed last year already higher than the 1973 level, and at the same time above the long-range average. However, the 1974 peak was not yet reached.

Chart: 1) Gross Productivity of Capital in Manufacturing Industry; 2) Index; 3) Japan; 4) Finland; 5) England; 6) Sweden

9571
CSO: 3107

NEW EDUCATION MINISTRY SCIENCE CHIEF TELLS PLANS

Helsinki UUSI SUOMI in Finnish 1 Mar 80 p 8

[Article by Vesa Haapala: "Markku Linna Appointed as Department Chief--to Pursue Rational Science Policy"]

[Text] The new chief of the Education Ministry's Academic Institutions and Science department declares that the Education ministry is trying to hold unto the autonomy of academic institutions even if the institutions themselves find it sometimes hard to believe.

Linna was recently appointed as department chief after he had been working as chief of the science office of the same department. Linna, a lawyer, succeeded Mikko Niemi (Social Democrat), pathological anatomy professor, in this weather vane post. Professor Niemi returned to his original post in Turku University.

Linna, who has served for 14 years in the Education Ministry, is known to be nonpartisan, but the definition is readily qualified with the attribute "leftist."

Linna was appointed after a lengthy tug of war although professorial level candidates both from the Social Democrat and Center parties were also being pushed for the position.

University people had such negative opinions of Mikko Niemi that they marched to Tamminiemi [presidential residence] to present their views that Linna was not only suitable but also qualified for the post. The Tamminiemi delegation was made up chiefly of chancellors and had representatives from Helsinki, Turku and Oulu Universities.

Linna believes that the deterioration of the relationship between the Ministry of Education and the universities was personified in Mikko Niemi, who had to perform as a lightening conductor of the academic world when realizing his reforms.

Helsinki University chancellor, Ernst Palmen, has already stated in public that he expects statutes on examinations established during the Niemi era to be changed soon, but Markku Linna would like to wait and see for a while.

"The statutes should not be changed hastily before we have seen how they function," Linna says. On the other hand, he admits that the statutes are not for ever, either.

Linna characterizes his relationship with the academic world as correct although he admits that there were differences of opinion earlier, during the administration reform controversy, and in connection with criticisms of service studies.

Situation Quieting down

Preceding Linna in the position of the Academic Institution and Science chief have been 3 professors and one administrator. Not one stayed long in the post.

Linna, however, is a trusting soul and believes he can serve in the position more peacefully than his predecessors. As a reason for this he sees that the childhood illnesses of academic politics are gradually losing their grip. Legislation for development of academic institutions was created as recently as the late 1960's.

Linna believes that the post calls for some former administrative experience.

He regards his cooperation with the present "Science [Education] Minister" Kalevi Kivisto to be "very good." Kivisto is himself originally an academic, and Linna counts this in his favor.

However, Linna's critics--the fact that they exist is in itself an indication of what the post is like--define Linna's nonalignment as a ploy that allows him to follow the suit that the minister of any given time happens in turn himself to follow.

The critics like to bring up Linna's earlier attempt to woo the Center Party when Marjatta Vaananen (Center) was the education minister in Martti Miettunen's (Center) minority government.

Linna himself admits that he has been given fairly central duties in Finnish academic politics since he also was earlier appointed to the post of secretary general of the Science Council.

"Taking care of both these posts is difficult," Linna says.

When asked whether he is going to pursue nonpartisan science policy in his post, Linna quickly asks what that means exactly.

"I would like to pursue a rational science policy."

He considers it important that even in the present situation, the good old saw should be followed which says: "When you lack money, pick your brain."

Linna is constantly worrying aoubt the shortage of resources in academic institutions, however.

Realizing State's Will

The post of the Education Ministry's academic institution and science chief is among the most unstable in the entire ministry. The Social Democrats considered the office to be theirs even after Mikko Niemi's departure, and they proposed professor of caries studies Ilkka Paunio from Helsinki University as a candidate. Since their expectations were not fulfilled, they started to belittle the importance of this post altogether and said that Mikko Niemi already had done everything that needed to be done.

Linna tracks the lack of stability of his post to the fact that the department chief has to represent the state's central administration and thus has to bump against the academic institutions' autonomy. However, these are not parallel phenomena, and this is emphasized especially when big reforms are planned.

The administration and examination reforms have been the major causes of friction.

Linna took office on March 1. It is not much of a jump in terms of physical distance--only 3 meters from the office of the science chief to the department chief's door in the Rauhankatu street's blue-painted Education Ministry building.

As a footnote to the past and apparently as a wish for the future, the new department chief has in his room a symbolic broomstick, "a new broomstick to shut the big mouths of the university presidents." He was described as such in a poem written for Mikko Niemi's going-away party.

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VALMET ENTERS INTO TALKS WITH INDIA OVER POSSIBLE VINKA SALE

Helsinki UUSI SUOMI in Finnish 13 Mar 80 pp 1, 6

[Text] The Finnish airplane industry is for the first time in its entire history really close to a big sale of airplanes. Representatives of Valmet Oy and Ilmateollisuuden Kehitysosasto, IKO [Developmental Department of Air Industry] are at the moment participating in trade negotiations in India.

The negotiations concern a sale to India of Vinka, alias Miltrainer, a Finnish early trainer, or its manufacturing in India under a license. In addition to India, Valmet has been negotiating with other countires.

The director of Ilmateollisuuden Kehitysosasto, Mr. Eljas Jarvineva, and Mikko Jarvi, the export manager of the Valmet defense equipment group are in India negotiating with a noted Indian airplane facotry, Hindustan Aeronautics.

Heikki Mantyla, director of Valmet's defense equipment group, informed us that there has been correspondence on the airplane for a long time already with Hindustan Aeronautics.

"Different modes of delivery are being negotiated at the factory. A possibility is considered for instance that the Indians would buy a series directly or buy a license which would also enable partial manufacturing in Finland," Mantyla stated.

The subject of the negotiations is the early trainer version of Valmet L-70 Miltrainer. According to Mantyla, Valmet has been in contact also with several other countries over the trainer version of agricultural version of Miltrainer.

The fire at Valmet's Kuorevesi factory has caused the serial production of 30 Vinka early trainers to run 9 months behind schedule.

The first 4 Vinkas saved from the fire will be delivered to the Air Force during the current year.

"The first airplane to be completed after the fire should be ready for delivery by the end of the year. Most of the actual series will be finished in the course of next year," Heikki Mantyla, the director of the defense equipment group explained.

4 Civilian Planes for Air Force

The lateness of the Vinka series will cause difficulties for the Air Force training program in Kauhava. The Saab Safir trainers begin to be at the end of the allowed-for flight hours.

In order to free all Safirs for training use, the Air Force has made a preliminary decision to procure 4 airplanes in the course of the late spring and early summer.

Capt Lars-Olof Fredriksson from the Air Force staff told us that the Air Force is presently negotiating over different possibilities of acquiring the airplanes.

"According to the preliminary decision, 4 planes are going to be purchased mainly for contact flights, and this would free all Safirs for training use."

"The new airplanes can of course in certain circumstances be used also for training in Kauhava, mainly for reconnaissance training," captain Fredriksson explained.

The Air Force already now has 5 Piper Arrow airplanes mainly in contact flight tasks. The 4 new airplanes will be complementing these airplanes.

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ENERGY CONSERVATION, RESEARCH REPORTS MUST BE IMPROVED

Helsinki HELSINGIN SANOMAT in Finnish 13 Mar 80 p 2

[Editorial]

[Text] Finland's energy service is working better than that of many other countries. However, this gives us no right to bathe in nonchalant self-satisfaction. Problems grow quickly. Great dependency on imported energy has to be reduced but there are no easy ways in the offing of doing it. The most significant source for energy to substitute for import fuels is saving energy. Other possibilities are limited in the foreseeable future.

The most central pursuit in the energy policy is to lessen the share of oil in providing energy. The price of oil is going to go up and availability is becoming more and more uncertain with time. The possibilities for substituting coal for oil are limited, and use of coal involves problematic environmental effects. Employment of nuclear energy meets with opposition because of unpredictable risks involved. However, the demand for energy must be met in order for economic growth to continue without basic conditions of production hampering that growth.

The study by Sitra, Finland's independence anniversary celebration fund, on the advantages of building small hydraulic plants shows that they would produce only about 1 percent of the total energy demand. It will therefore be possible to respect the views as regards small rapids harnessing of those who worry about environmental protection without these considerations significantly effecting the energy service. It will however be possible to help for example people and business in far-away areas by employing for energy use small sources for hydraulic power when this is possible without much environmental damage. This way, at least "a few berries will be picked up" for the needs of energy service.

The use of peat for energy has proceeded with a limp in our country. Several peat power plants have been built, are under construction, or in the planning stages. Also many private households have changed into burning peat. The availability of peat fuel has however not proceeded in accord with demand. There is reason to investigate usage of peat as a fuel much more carefully and thoroughly. Not only availability but also ecological considerations exhort us to proceed slowly. It also is necessary to consider the fact that peat is needed for soil improvement; this has been the reason why the USSR has stopped building new peat power plants.

More and more obstacles are getting in the way of the growth of almost all traditional sources of energy. That is all the more reason why more resources are to be allotted to the research that looks for new solutions and for energy savings. Ulf Sundqvist, the trade and industry minister, has stated that Finland obviously uses less funds for energy research than the other northern countries. This has to be corrected speedily since the energy use and import are in our country an exceptionally great part of the gross national product. For instance our plentiful wood resources, their greater use, and transfer to growing energy woods offer for their part possibilities of receiving practical results through the help of research and good planning.

9571
CSO: 3107

PRESS REACTIONS TO POSSIBLE ROCARD PRESIDENTIAL CANDIDACY

Paris LE MONDE in French 5 Mar 80 p 9

[Article by A. Ch. in the column "In the weekly newspapers": "Rocard on the Campaign Trail"]

[Text] Michel Rocard's declarations on Channel 2 have allowed the weekly press columnists to remove the "if" and "conditional forms" that they previously used when writing about the former PSU leader as a potential socialist candidate for the 1981 presidential election. Although Claude Estier does not address some of the statements that did not seem to "faithfully reflect the party's line as defined at the Metz congress", his article in the PS weekly newspaper L'UNITE casts some light on the issue. He goes on: "Rocard has thus given an answer to the suggestion Francois Mitterrand made to him last December that he should not feel bound by the declarations he had made in April in Metz, i.e., that he would not be a candidate if the First Secretary were to be one. The latter (...) does not intend for all that to rush his own decision. Besides, it was at his request--and Mr Rocard acknowledged that it was a wise decision--that they agreed to postpone the socialist candidate nomination issue to the end of the year. It is therefore much too early to settle the issue. Nevertheless, several candidates and not only two may legitimately seek the nomination.

Furthermore, the nomination will involve all the members of the party and will not be restricted to a small body whose choice would later be submitted for approval...."

In the NOUVEL OBSERVATEUR, Thierry Pfister is of the opinion that "Michel Rocard cannot have any illusions." He adds: "The only way for him to convince his party is to win politically over the present PS leadership (...). Once again the confrontation process is engaged. As before the Metz congress, a relentless rush for supporters is going on. First targets: the elected officials..."

For Claude Jacquemart in VALEURS ACTUELLES, "Mr Rocard is trying to promote a credible strategy that would appease the center electorate whose votes

will decide the 1981 election." He notes: "Although he already knows that he cannot count on communist votes, he does not forget either that he would have to face other socialist opponents if the socialist party were to choose him as its candidate. Jean-Pierre Chevenement, the Belfort deputy and CERES leader [Center for [Socialist] Studies, Research, and Education], the PS left wing organization, has also threatened to run in case Mr Mitterrand would have to withdraw in 1981. Mr Rocard's path is extremely narrow and leads him through his major potential opponent's territory. Hence, their speeches overlap, whereas Mr Chirac has decided to propose an "alternative for the majority" which would not help the opposition, and is working at differentiating himself without crossing the Rubicon.

Under the title "The two roses* war" whose outcome Andre Chambraud and Daniele Molho agree is unpredictable, they write in LE POINT: "It is also possible that Mitterrand will not run and will retire. It is also possible that he intends to save the PS' unity by all means, in a cool and systematic manner, thus ending through a victory the challenge he initiated fifteen years ago against the PC. His bet was that putting pressure on the PC would either make it evolve or shrink. As for Rocard, he has bet on moving ahead without getting stuck on one issue...."

The deputy president of the bi-monthly CDS bulletin, CDS-ACTUALITES, Bernard Stasi sees in Mr Rocard's declarations: "A bow to the great leader Mitterrand, a left wink at the communist electors, a right wink at the gaullist electors, a small step backward on the self-management issue, a small step forward on nationalizations, ... all this is somewhat hazy, sometimes contradictory and undoubtedly rather shrewd," and he further points out: "But Michel Rocard will have to be even more astute to explain to us what exactly is a responsible socialism" since according to him "If words mean something, this type of socialism is exactly the opposite of the irresponsible socialism that Michel Rocard along with all his friends of the Union of the Left had in mind to impose on our country". In L'EXPRESS, Robert Schneider emphasizes: "In announcing his intentions fifteen months before the presidential election Rocard has upset a political game where he is the only newcomer and the only unknown factor. Therefore he is worrisome, and not only for the socialist party." Thus having mentioned the PC and the RPR [Rally for the Republic], Robert Schneider notes: "On Giscard's side one is increasingly concerned about the attractive "modern left" embodied by Rocard and the seductive power it exerts on moderates and radicals alike. In short, Rocard is disturbing. Blows are now going to hit from all sides. All the more so since along the way the Yvelines deputy will have to quit the hazy style he has so far cleverly followed. Since he appeals to a wide range of voters it will be difficult for him to continue to please both the reformists disappointed by Giscard and former Maoist leftists.

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* [The rose is the French socialist party's symbol]

For Michel Thomas who signs ROUGE's editorial, the Revolutionary Communist League (Trotskite) weekly, "the PCF can gain from Rocard's breakthrough." He explains: "For months [the PC] has been asserting that it could not govern the country with a PS which would have shifted to the right. Mitterrand and the CERES leaders having skillfully avoided to giving them an opportunity for such attacks, the PCF is hard pressed not to miss any opportunity, albeit impreper, to attack daily its former allies. On the contrary Rocard's speech indicates a move towards the right. It is thus easier for the PCF to justify its dogmatic isolation and, in turn, their attitude helps Rocard's supporters in promoting their political stand as the only realistic one. Such a mirror game fosters division and allows the PC and the PS to avoid taking their common responsibilities: to drive out Giscard and Barre in order to replace them and implement new policies that would be favorable to the workers and would address their claims".

The selection of the candidate who will represent the socialists in the race for the Elysee will inevitably reflect the other parties' perception of the potential candidates, especially the PC's.

9591
CSO: 3100

PCF LAWYERS SPEAK OUT ON HUMAN RIGHTS, PCF

Paris LE MONDE in French 15 Apr 80 p 2

[Article by Bernard Andreu, Francis Jacob, Eddy Konig, Claude Michel and Roland Rappaport, lawyers, PCF members]

[Text] Must one consider the establishment by the PCF of a committee to defend the rights of man as outrageous? This is an opinion which has been widely expressed in political and press circles. We do not share it.

In point of fact the French communists are entitled to intervene in the area of human rights. We can bear witness to this on the basis of our professional experience.

This is indisputable on the international front in so far as the question of solidarity with the victims of imperialism is concerned. In Madagascar, Black Africa, Algeria, Communist Lawyers took their place against the repression of French colonialism in behalf of the thousands who were imprisoned, tortured and so often condemned to death. There is not a capitalist nor a third world country in which they have not intervened, be it Franco's Spain, Pinochet's Chile, or Iran under the shah, just to mention a few dictatorships. It was certainly the issue of human rights which was at stake. This action evolved in harmony with the policy which the PCF was putting into effect in this area. It is being followed today, for example in connection with the rights of the Palestinian and Saharan people, the professional prohibitions in the Federal Republic of Germany, or the repression being suffered by the labor unionists in Tunisia...

Political Expression

In France the Communists are in the front ranks of those who pose the question of the economic and social parameters of human rights in all their amplitude. When one appraises the state of these rights in our country does one take into due consideration the thousands of unemployed who have no prospect of employment, the far too many families evicted from their homes for inability to meet the rent payments which are becoming ever higher, the plight of immigrants subjected to racism and discrimination? Large numbers of salaried employees are dismissed every day on the basis of absurd or trumped up pre-

texts. When the courts find their dismissals unjustified they can obtain only limited indemnification without restitution of their positions. And even for workers' delegates, for whom the law so stipulates, restitution is quite rare. The citizen loses his rights the moment he passes through the doors of his enterprise: union activity is constantly suppressed there; expression of political views is forbidden there, even during break time or meal periods. In recent times employers have availed themselves of new methods by which they may deal injury to personal liberty and union rights. They are more and more frequently employing private security forces within their establishments. In order to fend off the right to strike they are taking legal recourse against the unions, sueing for considerable sums in damages. We are in a society which produces the excluded by the million. The Communists are correct in placing a strong accent upon these aspects of rights and liberties.

New Aspirations

Today new aspirations are arising everywhere in the world in the realm of human rights. To see in this only the effect of an ideological restructuring of American imperialism, a war machine in the hands of Carter and the tripartite alliance, would be to ignore the full significance of this movement. The human rights awakening is a composite result of the fight for the emancipation of populations, the deepening perception of democracy, and the building of socialism. It is not a creature of circumstance but a need felt daily by millions of men and women.

Struggles develop to defend and expand them. They take into account the rights of man in all their dimensions and thus assume a revolutionary character. It is one of the stakes of our epoch around which political forces and social classes confront one another. But if human rights have a share in the political debate they cannot be reduced to that. To approach them from the sole standpoint of replying to an adversary would be an error for the Communists which would negate the success of their struggle. It would be prejudicial to the cause of rights in the capitalist countries to abandon the issue of liberties in socialist countries to others.

Let us take to heart the lessons to be derived from an era in which a unilateral vision of reality and a certain conception of a superior interest entailed in socialism led to blindness, to silence, even to justification at all cost. Let us give to the fight for human rights a universal and indivisible character which the high ambitions we have for the future of man call for.

In the domain of public and individual liberties, in the customary sense, from the time of the Popular Front to the Resistance, then in the struggle against personal power, they have also acquired some uncontestable credentials. In 1975, in the course of reflecting upon a democratic vote towards socialism the PCF published a declaration of liberties. This took into consideration the new aspirations which had appeared in French society, notably following May 1968, and traced the principal lessons from the experience of the socialist countries. It broadened the scope of freedoms and formulated guarantees on

their basis. This text retains its value, even if it must be elaborated with respect to the newer aspects of the concentration of power, the role of the media, the development of l'informatique [sic], the women's liberation movement, and the aspirations to self-administration. It is too bad that no reference has been made to this document apart from the constitution of the committee on human rights of the PCF. Indeed, the defense and expansion of human rights and liberties calls for far more than the denunciation of their violations; it calls for a definition of concrete objectives and the mustering of as vast a gathering as possible for their achievement. This is all the more necessary since at present government, with reference to the doctrine of security and European judicial territory, is extending its control over the state and society in particular by the systemizing of documentation, measures against the right of asylum, threats against the independence of judges and the rights of defense and the increasingly frequent recourse to the procedure of flagrant misdemeanor, the law of breaking and entering and the Court of State Security in cases which are essentially trade union or political in character.

A Report

While recalling the role of the French communists in these struggles for liberty we do not forget that played by others and neither do we neglect to recognize our errors and our inadequacies, our failures in understanding. But in our opinion it is not these latter which serve as the basis or pretext for indictment of the PCF initiative. What causes the difficulty is the question of freedoms in the socialist countries.

The document published by the PCF on the massacres of the past twenty years makes clear the overwhelming responsibility of capitalism. This report, no more than the balance sheet of attainments recorded by socialism in the economic, social and cultural domains does not excuse us from examining the situation in the socialist countries from the standpoint of human rights and freedoms.

Repression has also accounted for millions of deaths in the socialist world, during the period of Stalinism, in China at the time of the cultural revolution and in Cambodia under the terror of the Khmer Rouge. If categorical condemnations occurred during the last congress of the PCF the analysis of these events should have been dealt with.

A Cloak of Silence

The work L'URSS ET NOUS, recommended heartily by the political office at the time of its publication approached the study of Soviet reality in a rigorous manner, but it must be stated that this effort has not been continued since as was necessary. The USSR itself the government has caused a cloak of silence to fall over this period. Of course the present situation is no longer that which existed during the Stalin epoch. But it is still an etatist system the functioning of which rests upon a restriction of freedoms and of democracy. The blows against freedom in the socialist countries are not

limited to the solitary cases which have exercised public opinion. It is not a question of simple smears.

Study of the cases of Shcharanskiy in USSR, Daniel and Havel in Czechoslovakia have put before our eyes the extent of the injury to human rights: prosecution for offensive opinions, prior censorship of publications, professional prohibitions on political reasons, prohibitions against travel abroad, violations against the right of defense in political trials. One knows also the means utilized against a number of those who think differently and speak out deprivation of citizenship, incarceration in mental hospitals, house arrest, forced exile. Let us recall again that the right to strike does not exist. In fact the citizens have been deprived of all right to political expression which is independent of the party in power in the cities as well as in their places of employment.

[illegible]

Also, consider that the battles for the freedoms in France and in the capitalist world authorize comparisons with what takes place in the socialist countries and to attenuate its gravity would be morally indefensible. This would be, moreover, politically unrealistic. Indeed, the acts of men, parties, states which lay claim to the same ideal, to the same conception of the world as the French communists call us to answer. The workers, the intellectuals, who question us on these matters question us first of all regarding ourselves. [illegible] rejects all ideas of a "model" and has elaborated its own plan of a pluralistic and self governing socialism nurtured by French political and social attributes. This stand is fundamental. But the appreciation of its authenticity and its non-adventitious nature on the part of the general public is in part dependent upon what the communists say and do with respect to democracy and freedoms in the USSR and in the socialist countries. This is one of the consequences of the historic solidarity of the PCF with these countries.

[illegible] [the following three paragraphs constitute an exact [illegible] three paragraphs under the heading "New Aspirations."]

9353
CSO: [illegible]

FRANCOIS-PONCET INTERVIEWED ON RELATIONS WITH AFRICA

Paris DEMAIN L'AFRIQUE in French 14 Jan 80 pp 29-30

[Interview with French Foreign Minister Jean Francois-Poncet by DEMAIN L'AFRIQUE--date and place not given]

[Text] In recent years France has assumed an increasingly important role in Africa. Paris proclaims its will to maintain peace and security and to foster economic growth in the continent by applying some principles which, it says, constitute a coherent and reasonable policy: respect of the frontiers inherited from colonial days, the right of peoples to self-determination, complementarity between Europe and Africa, rejection of foreign interference, etc. Of course, this last principle does not apply when an African country requests military aid to resist threats from abroad.

It is on the basis of these principles that France justifies its intervention in the Central African Republic and elsewhere earlier. The growing discontent of many Africans with these military interventions and Paris' support of sometimes discredited governments has led DEMAIN L'AFRIQUE to interview the French minister of foreign affairs, Jean Francois-Poncet, on the subject of French-African relations.

We became even more interested in the interview when Francois-Poncet defended France's African policy before the French National Assembly last 19 December. But, what should have been the great debate of the 1979 closing parliamentary session took place in an almost empty chamber. No debate, rather a series of bland speeches, alternatively approving and disapproving. And yet...the French foreign minister said "the Africa of the Africans is not the Africa of others." Does that mean that the Jaguar-Breguet Atlantic-Transall trinity should become the symbol of the French intervention forces sent to Mauritania, Chad, the CAR and Zaire? Pierre Messmer, former prime minister, minister of the army and old supporter of DeGaulle, said that "military intervention is always the consequence of a political failure and rarely is it able to repair it."

But, obviously what most irritates the French foreign minister--who, it is true, on matters of African policy must very often be satisfied with implementing the decisions made at the Elysee--is the reference to the privileged ties that might exist between Paris and certain governments of the African continent, not necessarily the most democratic ones. Thus, in the National Assembly, the few deputies who were dozing were awakened by a lively exchange of biting remarks between Jean Pierre Chevenement, socialist party spokesman, and Jean Francois-Poncet on the subject of the Bokassa I diamonds. And the minister does not consider it useful to answer DEMAIN L'AFRIQUE's question about the way in which France chooses its friends in Africa.

To be sure, this coming year the budget for French cooperation in Africa will increase. A rate of 16.7 percent will push it up to 4 billion francs. But it is military aid which shows the greatest rate of increase in this budget: 51 percent.

[Question] Most Africans are opposed to French armed forces intervention in Africa. However, the recent establishment of a French intervention force seems to indicate that Paris hopes to pursue, or even develop, this policy. Even if it is a matter of responding to a request by African chiefs of state, does this choice of policy correspond to the role that the third world expects from France in Africa, and is this the most appropriate way to obtain the support of the African population for French cooperation policy?

[Answer] I believe I must, first of all, remind you that there has not been as you say "interventions" of the French army in Africa. But rather several circumstances where African countries, victims of foreign aggression or aggressions supported from abroad, have called on France to assure their defense. The Africans realize that there is no possibility for economic development if their security is not assured. France cannot remain deaf to the call of African countries whose stability, sometimes even their very existence, is threatened. I must add that the help of French units in the defense of some African countries has always been strictly limited and has been, in most cases, of a prompt and temporary nature. It has never been a matter of interfering in the internal affairs of these countries, or of influencing their political development. May I remind you, for example, that thanks to our help Mauritania was able to preserve its territorial integrity? France's action in Zaire permitted the preservation of the country's unity and created the conditions necessary to reestablish satisfactory relations with its neighbors, starting with Angola.

In Chad, our military presence--welcomed by all factions--helped to keep in operation all the essential public services and to assure a minimum of security in N'Djamena. Particularly, it was thanks to our units' protection that representatives from 11 Chadian political factions were able to meet at Douggia and set up a transitional government of national unity. In the Central African Republic, it was justified to help put an end to a situation that had been observed and condemned by qualified Africans

who had been duly elected. The Central African Republic has again found its place at the heart of the community of African States.

Truly, I am convinced that our action is widely understood. I will offer as proof the friendly welcome extended to our thousands of assistants, and the esteem and confidence which they enjoy in Africa.

[Question] Doesn't the coming mission of French parliamentarians to South Africa risk bringing up again the question of your decision not to accept the coming of the Springboks [soccer team] to France? What means do you advocate to obtain the abolishment of apartheid?

[Answer] The National Assembly parliamentary group for sports, presided over by Bernard Marie, has in fact decided to send to South Africa at the beginning of 1980 a fact-finding mission charged with studying the situation of sports in that country. This initiative comes from the freedom to decide of the parliamentarians in question. It does not involve the government. The consequences, for sports, of racial segregation, which is the basis of public life in South Africa, having recently given rise to debates, I understand the wish to learn more of South African sports realities. On this subject, it seems to me essential that during their stay the delegation inform itself in full freedom of all aspects of the sports situation in South Africa, as it is experienced by all the elements of the population, but mainly the black majority.

In a more general way, the French Government, which for a long time has condemned racial discrimination, has been associated with international actions which try to encourage South Africa to end this practice. This has been done particularly by participating in the establishment of the behavior code in matters of working relations adopted by the EEC countries in September 1977 and by following with their implementation in French companies having branches in South Africa. Also, France applies strictly the decision made by the United Nations Security Council in 1977 of forbidding any delivery of arms to Pretoria.

These pressures, far from being ineffective, have obviously played a role in the South African government's recent decision to undertake domestic reforms, whose application it is advisable to follow.

[Question] Do you agree with Washington's thesis that by furnishing arms to Morocco King Hassan II can successfully be led to negotiate from a position of force? Do you believe that military escalation is the best means of achieving a solution to the Saharan problem?

[Answer] For France, solution of the Western Sahara problem can only be political. This is the reason we wish that all the parties involved engage in real negotiations as soon as possible according, by the way, to the principles and resolutions of the United Nations and the OAU.

As far as we are concerned, we are not involved either directly or indirectly in this conflict, but it cannot leave us indifferent given our particularly close and friendly relations with the countries of the region. We are ready, when the time comes, if circumstances permit it and if all parties so desire, to contribute to the search for a peaceful political solution to this problem.

[Question] Algeria believes that Algerian-French cooperation cannot be viewed outside the regional context, that is, outside the Western Sahara matter. Certainly France reaffirms its neutrality in this affair, but don't you think that furnishing Morocco with Mirages which are used in the Sahara will lead Algeria to have doubts about this neutrality and, thus, to delay the normalization of French-Algerian relations?

[Answer] France has agreed to furnish Morocco, as well as many other countries in the world, with military equipment in response to the defense needs of that country; the decision to buy French equipment, among others, was made by Rabat in 1972, in a period prior to the Western Sahara difference.

Our country's neutrality in the current conflict is recognized by all the interested states. The improvement of French-Algerian relations, confirmed by my visit to Algeria and Mr Benyahia's coming stay in France, is the best proof.

9341
CSO: 3100

COMMUNIST MILITANTS CREATE CZECHOSLOVAK FREEDOM COMMITTEE

Paris LE MATIN in French 6 Mar 80 p 3

[Article: "Communists Opposed to the 'Professional Bans' in Czechoslovakia"]

[Text] A committee created to defend this country's freedoms and "adopt" five Czechoslovak dissidents.

Militant communists have just created a committee to protect individual freedom in Czechoslovakia. They intend in particular to protest the "professional bans" in the country.

Communists who want to continue to believe in spring. Prague's and that of the French Communist Party's 21st Congress. It is a little in this way that one could describe the French militants who, around Artur London, yesterday announced the establishment of the Committee to Protect Individual Freedom in Czechoslovakia.[1] A committee that "is in no way related to the one Georges Marchais founded" last month and that has as its purpose to demonstrate a "concrete and active solidarity" with those who, "in Czechoslovakia or in exile, communist or non-communist, fight, suffer, or just put up with daily the unacceptable results of the 1968 intervention and its consequences."

On the occasion of a press conference held yesterday in Paris, where several of the communist intellectuals who protested against the trial of Vaclav Havel and his friends (among others, Alexander Adler, Lawyer Francis Jacob, and Lawyer Roland Rappaport) were present, the committee pointed out that since the Soviet intervention, nearly 450,000 Czechoslovak Communist Party militants had been stricken or excluded from the rolls and, as a result, a large number of them had lost their jobs or, if they were not imprisoned, had been forced into exile. The committee intends, in particular, to condemn what it calls "the professional bans" in Czechoslovakia, taking away the jobs of those who participated in Prague's spring or fought in the ranks of Charter 77.

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[1] Francis Jacob Secretariat, 155 rue de la Pempe, 75016 Paris

To begin with, this committee resolved to "adopt" five victims of the repression in Prague: Jaroslav Sabata, a former member of the central Committee of the PCT [Communist Party of the Workers], who is now in prison; journalist Jiri Lederer; Lawyer Daniel, the "charterists'" defense attorney, now sentenced to 10 months in prison and 2 years of ban from his profession; Jiri Dientstbier, sentenced to 3 years in prison during the Havel trial; and Petr Cibulka, who is serving a 2-year prison sentence and for whom the Prague prosecuting attorney has just called for a new sentence.

9064
CSO: 3100

DEFENSE POLICY REVIEWED BY NATIONAL PRESS

Paris DEFENSE NATIONALE in French Apr 80 pp 135-138

[Article by Bernard Guillerez]

[Text] For several weeks security issues have given rise to a multitude of articles. The Afghanistan affair has clearly aroused anew in the populace of fear of Soviet aggression. There was also the work session at the Elysee on 7 February to consider the major options for our military policy and, looking ahead, the debate which must be held on defense in the National Assembly. Some have thought this review of our military program a consequence of the events in Afghanistan: an indefensible theory, for in this domain, "you can't put the cart before the horse," as LE MATIN DE PARIS (8 February) remarked. What is striking, overall, in reading all these commentaries, is the temptation their authors often feel to want to distort the doctrine of deterrence to fit with secondary assumptions given excessive emphasis or to accord with analyses which are unrealistic. Thus Yves Laulan, after having recalled the background of the Soviet intervention in Afghanistan, feels the hour has come for a doctrinal revision. He writes, in fact, in LA CROIX of 1 March:

"As far as our country is concerned, all this profoundly challenges both the doctrine and the means of France's defense. Up to now this rested on a certain number of assumptions which are now discredited. The first is the automatic character of American protection; this is no longer evident. The second was the Soviet Union's respect for certain rules. It is clear that this will no longer be the case. Everyone knows, really, that in case of conflict, there is a high probability that the weapon of nuclear deterrence will never the utilized. In reality, at just what moment will one push the button?... The goal to reach is in no way to give France or Europe the means of resisting the Soviet Union by itself... A conventional military strategy of delay creates the conditions for negotiation or deterrence."

That's rather skimpy grounds on which to jump to conclusions. For Yves Laulan urges us to fight hand-to-hand, while knowing that the United States could stay out of it, but while hoping that Moscow would countenance

negotiations which would not lead it to victory. In every respect the recourse to deterrence which the author describes in such detail is strictly formal in nature, since at the beginning of his argument he advises us that it [deterrence] has every chance of not being used. This makes it all rather vexing. As much so as the stupefying article signed by Robert Lacontre in FIGARO-MAGAZINE of 9 February. On the pretext of shocking the reader, we come to enormities like the following, which the reader may judge:

"We did not know: even fatally wounded France can destroy almost the whole of the USSR. An apocalyptic response which will make the Soviets stop and think... The FNS [Strategic Nuclear Forces] are not dedicated to counter-force targets but to avoid confrontation. It is a weapon of peace. The French retaliation will be total."

In opposition to Yves Laulan, Robert Lacontre wants a commitment to pushing the nuclear button, even if the purpose of our deterrent force is to constrain the adversary to prudently avoid this apocalyptic threshold. Such an article having been published, no doubt it will give the Soviets food for thought! These questions receive more serious treatment in the series of articles appearing in LE MONDE starting 20 February. The first of them is credited to Gen Francois Maurin, and one can but admire the strength of his reasoning:

"France has certainly been one of the countries which has done the most to establish true detente. Convinced that the politics of blocs could only lead to an unrestrained arms race and ultimately to a suicidal confrontation, France provided itself with its own means of defense... I believe in the deterrent power of the French nuclear forces, and this despite the appearance of new weapons which are accurate and less dirty, for the launching of only one of these weapons aimed at our territory could only lead to immediate reprisals. In the present status of forces, France, to remain effectively deterrent, must have an unambiguous strategy which leaves no room for speculation."

Despite such explanations there are some who, even 20 years after the first French nuclear test, fail to understand how deterrence works. These include Alfred Fabre-Luce who, in LE FIGARO of 12 February poses the problem in these terms:

"Would a French government, more particularly a democratic government, responsible to its own people, feel it had the right to use our strategic arsenal [to] ... a first strike against an aggressor using other means, ... [to] ... on precise military targets with a bloody counter-stroke that would call forth a crushing response?"

The hypothetical situation thus presented is completely misleading: who is going to believe that an enemy would be content to use counter-force weaponry against our garrisons or military bases without the intention of going still further to threaten the independence or even the existence of

the country? Whatever be the means which can be brought to bear (nuclear or chemical weapons) our deterrent force is there to forestall their use on our soil. If this were not the case, one could not speak of a "first strike" on our part. There can be no graduated response when one is only "two days' march" from one's adversary. This is why Gen Maurin speaks of a "strategy without ambiguity or hesitation." A country like the USSR, since at present that is the country of which we must speak, could not allow itself to suffer a nuclear reprisal that would result in the loss of its parity with the United States and jeopardize 30 years of laborious efforts to reach the rank it presently occupies. Nevertheless, the American doctrine of "flexible response" has come to infect European thought too. To such an extent that one finds lines of argument which hardly take any account of France's unique situation. So I was astonished to read under the by-line of Jacques Cressard, in LE MONDE of 9 February, this analysis:

"But what would be the political and economic capacities of our country if it were bordered by neighbors with which the special links which condition its existence had disappeared? Beyond that, what strength of will would it not require of a country fearing an invasion to threaten the future invader with a nuclear strike which would result in a reprisal on its own territory."

First: Would it not be better for France not to be occupied, thanks to its deterrent force, even with the enemy at its borders? And in reality France has never in its history been so fortunate as to be placed beyond the reach of its adversaries; from the time of the House of Austria it had to deal with encirclement, and not just once. Second: If the strength of will is not there under such circumstances, even when it has at its disposal the appropriate military instruments, it would be better at the outset to inform the adversary that we have no backbone. Following more realistic analyses, Jacques Cressard arrives at the following conclusion:

"In face of the threat on land and in the air, that is the threat represented by the forces which had routed NATO's troops, only one response is credible, that of a tactical nuclear strike with the least possible side-effects but delivering at the outset a brutal paralyzing blow to the enemy... Specifically, the enhanced radiation bomb is required."

On this subject I can do no better than to refer the reader to the excellent article by Col Lewin in DEFENSE NATIONALE last January. Also there is the interview given to QUEST-FRANCE by Gen Buis (29 February):

"To contemplate the use of the neutron bomb in the European theater which is nothing but one continuous city from the north of Holland all the way to Mayence, is raving madness. With a classical nuclear weapon in Europe you are going to kill 50 civilians for each one of the enemy. With the neutron bomb you would annihilate 1,000 to 2,000 civilians for each enemy neutralized. So it can be logical to build this weapon for battles at sea

or in the desert. But I do not believe that it has any place in the defense of the European theater."

For Gen Buis, "logical requires us to devote our efforts to the nuclear fire which is the weapon adapted to the geostrategic, demographic, economic situation of the country."

Still in LE MONDE (21 February), Jacques Huntzinger insists that the USSR has developed a kind of Brezhnev doctrine for the use of new progressive countries of the Third World, and that, simultaneously, we are witnessing, on the part of the two Great Powers, a race to preventive destruction of deterrent capabilities, a development further aggravated by the failure of SALT:

"We risk coming to a period when each country, no longer certain of its second strike capability and fearing its nuclear apparatus will be destroyed first by the other, is tempted to push the button first to avoid destruction of its own nuclear forces... It is a race to madness, for the strategy of Mutual Assured Destruction rested on a postulate codified in SALT I: one retains the invulnerability of retaliatory systems in order to be able to maintain nuclear serenity [sic]. Only this reciprocal certainty creates the balance of terror. But this balance risks becoming an imbalance, and a very serious one, in the future."

In these circumstances it is much less the weapons systems than the strategic doctrines which constitute the factors for disequilibrium. It was a long time ago that the two super-powers passed beyond the reasonable limits of their own security. The reasons for this unrestrained competition are multiple, and the SALT talks have hardly restored order. Alain Joxe (LE MONDE of 23 February) may do a very good job denouncing the profits the industrial giants draw from this "unusual alarmism": one could as well say the same for the pharmaceutical laboratories without for all that being the least bit closer to a solution. We stray still further from preoccupations with security with the last article of this LE MONDE series where we see Dominique Halevy reject a hedonistic or muscular world, cynical and close to absurd because, he asks, "what peoples in their hearts want war?" It's a bit facile, even as a sermon for disarmament. It fails to take into account that there can be no talk of peace except through the mediation of the warlike divinities, and the fact that the only worthwhile progress is that which channels the forces of destruction for the benefit of the commond good. The rest is frivolous. In LE FIGARO of 8 February, Paul-Marie de La Gorce is doubtless very much aware of this when she writes, going beyond the pronouncements of the experts:

"For France the question assumes a completely different significance: it is survival which is at stake... The entire existing NATO defense system has become more vulnerable than ever, and it is facing a fundamental challenge. This is not, therefore, the moment to return to it; on the contrary, it is an additional reason, an excellent one, to continue on in

the way we have chosen, that of national nuclear deterrence. But naturally it is essential that French nuclear forces gain maximum mobility to avoid the risk of a counter-force first strike which could be decisive. From this major preoccupation will flow all decisions concerning the future of the tools of deterrence."

This is not to say that one must neglect the other means of intervention. The deterrent force is only there for extreme situations and its function is intimately linked to the subsistance, to the permanence of the nation. Now France may have to deal with other challenges, more restrained, localized, which cannot be disregarded. Thus rather than pumping up immoderately our nuclear strategic panoply, Gen Vincent, in LA CROIX of 23 February holds to this argument:

"Would it not be better to switch our efforts over to other weapons systems and to improvement of our capacity for external action? What do we really have to fear, in fact? A major crisis in Europe remains, of course, always possible, and the maintenance of our deterrent force is in this respect our best safeguard. But the more likely situation is that of an increase in marginal conflicts, some of which could threaten our interests and the security of our nationals. To meet this challenge while maintaining our freedom of action, we must be able, in such cases, to project beyond the hexagon air and ground forces somewhat more powerful than that which was successful at Kolwezi, and dispose of a naval and air-naval force capable of guaranteeing freedom of communications."

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ROLE OF ECONOMICS IN FOREIGN AFFAIRS NOW ACCENTUATED

Erosion of Diplomatic Power

Paris LE NOUVEL ECONOMISTE in French 17 Mar 80 pp 42-45

[Article by Martine Reynal: "Embassies: Looking for Distinguished Economists"]

[Text] Aware of the growing importance of economics and trade in foreign policy, the Quai d'Orsay is bolstering the authority of ambassadors. Salesmanlike diplomacy replaces formal diplomacy.

Fifty hostages locked up for 3 months in the American Embassy in Tehran. An American ambassador assassinated in Kabul. Fifteen other ambassadors sequestered in the Dominican Embassy in Colombia. The Spanish diplomatic mission burned down in Guatemala. The French Embassy sacked in Libya....

What's happened so rudely to awaken the embassies from their slumber? They were just supposed to be symbols, nothing more. But now the symbol is going back into service.

In fact, when Mr Gabriel Robin, deputy director of political affairs at the Quai, goes to the Kremlin bearing a personal message from the president of the republic to Mr Leonid Brezhnev, of what use is the French ambassador in Moscow? Of what use was the ambassador of Baghdad in the signing of the important treaty with Iraq? And what's new if the president of Matra, having talks with the Spanish, forgets to ask for an audience with the French ambassador in Madrid?

Over the years and with the opening of borders, the power of diplomats has been eroded by jet planes, politics, or events. Reduced to the role of mail drops between Paris and their country of residence, ambassadors have whiled away the time with cups of tea and the defense of the francophone concept. To such an extent that the minister of foreign affairs intervened and decided to revitalize them. A decree of 1 June 1979 strengthens the role of the ambassadors and requires that all orders from the ministries to their representatives in the field be routed through them. Once mail-boxes, the chiefs of diplomatic missions now have a

monopoly on delivery. Has their power changed only in degree, or has it indeed changed in kind?

"The ambassador's role is to inform and keep himself informed," explains Mr Michel Jobert, former minister of foreign affairs. Information sometimes has regrettable costs, both here and beyond the diplomatic sphere.

In fact, the majority of emissaries of the CIA, the KGB, the Intelligence Service, or the Foreign Intelligence and Counterintelligence Service (SDECE) today work under diplomatic cover. In French embassies, for example, the SDECE representative is often the deputy to the military attache. He runs his own bureau and his own services.

Outflanked from the inside by the secret agents, the generalists--that is the ambassadors--were little by little cut out of the action, from the outside, by the specialists and technicians of the embassy: the commercial or financial counselors, who report to the minister for the economy, and the military counselor, representing the minister of defense.

Quite simply, because commercial relations are playing a key role today in foreign affairs and because trade is becoming more and more technical: it is difficult for a diplomat to promote Sequential Memory Color (SECAM) with the same arguments as a telecommunications engineer!

And what about European policy, which impinges simultaneously on agriculture, industry, monetary affairs, transport, etc.?

Thus some commercial counselors have become a veritable state within a state. Ensconced in "their" offices, equipped with a telex which links them directly to the Department of External Economic Relations [DREE], attached at the same time to the Ministry of the Economy and that of Foreign Trade, surrounded by "their services," they no longer even tell the ambassador what they are doing. Some have been known to parade an insolent extravagance before their chief of mission, because the Rue de Rivoli was more generous at the time in representational funds than the Minister of Foreign Affairs....

Where is the time when, "in Iran, the ambassador of Great Britain was attending the Council of Ministers"? It is true that it was a colony that dared not say its name. One sign of the devaluation is that the best and the brightest from ENA [National School of Administration] have begun ignoring the Quai: the culminating point was reached in 1972, when the first ENA graduate to choose [the Ministry of] Foreign Affairs was number 43.

It became urgent to reverse the situation. Endorsed by several presidential statements, the reform of the Quai d'Orsay was long in coming to fruition. It was not until Mr Jean Francois-Poncet succeeded Mr Louis de Guiringaud that the order strengthening the powers of ambassadors was handed down, giving the Quai a new lease on life. The new program: economics, money, energy. The ambassadors move from formal diplomacy to salesmanlike diplomacy.

"One must not hesitate to make use of an ambassador's support in a big commercial deal," opines Mr Bertrand Schneiter, chief of staff for the minister for foreign trade, Mr Jean-Francois Deniau. "All the adroitness of a diplomat," he adds, "consists in knowing how to make use of his prestige and his connections without becoming a soup vendor." Rank has its dignity. "Whether we are selling Matra engines or a subway, his role is to intervene when the resources of the commercial attache are no longer adequate," it is said these days at the Quai. "At the level of the minister who is heading the project, for example." If he doesn't get results, then it must be handled in Paris. And it is for the government to decide if it will be brought up on the occasion of the visit of a French minister, perhaps even of the president of the republic. Which should reassure diplomats who may have been afraid of "lowering themselves" by taking up commercial affairs. During his visit to Juwait, Mr Giscard d'Estaing concluded an agreement for CdF-Chimie to participate in the building of a urea factory with the Kuwait chemical company. In 1975, during his trip to Egypt, he broke the impasse over the contract for the thermal generating station of Aboukir. And he intervened, without great success however, on the Cairo subway affair.

For better or for worse, ambassadors must now become experts in currency and concrete. Moreover, some have for several years already understood the role they could play in the promotion of France's external trade. Mr Roger Wavre, present ambassador to Brussels, was able to convince French businesses to come to Turkey when he was posted in Ankara between 1973 and 1977.

Some enthusiasts for the new style make contact with companies before going to post, and take some initiatives: "Without the action taken by our ambassador in Jakarta, Mr Rene Servoise, the CPNF [expansion unknown] would never have sent the mission which went to Indonesia a year after the French exposition in Jakarta," it is acknolwedged at management's headquarters. It was Mr Servoise who convinced ministers and magnates to take this initiative, in order to make up for the thin results of a French [trade] exposition.

"The ambassador can ease qualms, give warning of danger, provoke a new initiative, draw attention to CPNF. But in no case can he replace the exporter, as some heads of companies seem to want." And for those who do not yet have a feel for exports, it's time for retraining.

Some 15 French ambassadors were in Paris on 12-14 September for a re-training seminar on economic and monetary questions (must we recall that Mr Couve de Murville, former ambassador to Bonn and ex-minister of foreign affairs, was hardly familiarized with monetary problems?).

All continents were represented: Europe, with our ambassadors to Bonn and Rome; Africa, with the chiefs of mission for Rabat and Abidjan; Asia (New Delhi, Manila, Singapore); America (Bogota), and Australia (Canberra).

On the agenda: a conference with Mr Jean-Claude Paye, director of economic and financial affairs at the Quai d'Orsay, on "modification of the international economic environment," a dinner at the Elysee, an afternoon devoted to foreign trade with Mr Jean-Francois Deniau and at SME with Jean-Yves Haberer, director of the treasury; then a visit to the Bank of France.

But the new diplomacy has its limits. It runs the risk of butting against administrative customs and business practices, and against competition.

Customs, first of all. "This decree does not really change much," says Mr Michel Freyche with tranquil confidence. "First, because ambassadors who insisted on being obeyed always were. Next, because no one is going to route through the Quai the some 200 telexes linking us to our commercial counselors."

At the same time, the system of double representation abroad does have its advantages. With its 160 posts in 103 countries and its 2,000 agents, France is alone, except for the Eastern countries, in having such an official arsenal for assisting exporters. The [commercial] offices, even though officially attached to the embassy, are often physically separated. "This is doubly interesting," the chief of one of these commercial posts explains wryly: first, when we use slightly unorthodox methods to get a contract, this allows the ambassador to avoid being compromised ...Then, it allows us greater autonomy of action, but we must not admit it!" And the two-step seems likely to continue. Quai Branly, for its part, is seriously studying the possibility of expanding the network of French chambers of commerce abroad. "They have an irreplaceable role in public relations thanks to their grounding in the local communities," explains Mr Bertrand Schneiter. Over the last 3 years the government has spent Fr. 1.8 billion on improving the network of French chambers of commerce overseas.

The efficacy of these official moves remains very controversial: "When Chancellor Schmidt went to Bulgaria, in May 1979," recounts a former embassy attache in Sofia, "Bosch, the German firm, was just then in negotiations with the Bulgarians. The German embassy offered to give Bosch a little "assist" on the occasion of Mr Schmidt's visit. The company refused. A French minister came next to Sofia and defended the interests of French firms, which were also in the running. In the end, it was Bosch, the German firm, that got the contract!"

Even "beefed up," retrained, and revalued, the new diplomats will still have to reckon with their foreign counterparts. "A Japanese ambassador is practically a commercial attache," his European colleagues say. "He is told 'Your proposition does not interest us,' so he comes back with another project. The French are too refined (or perhaps too thin-skinned?) for that."

In this race for foreign markets, France has discovered a new trump: culture. The idea belongs to Mr Jacques Rigaud, charge working with the minister of foreign affairs.

What does he suggest? Arts patronage by the big companies. "The French companies don't realize that if next year the Ballet de l'Opera goes to the United States whoever sponsored the television broadcast would at the same time be getting good television publicity and also be doing a service for the Ballet de l'Opera."

Instead of remaining obstinately set on maintaining practically deserted French institutes and schools in the most remote countries of Latin America, ambassadors must try to sell radio broadcasts and films. Also they will need to have or invent some guidelines for changing the somewhat obsolete image of France overseas. An image, not just a shop-window.

Francois-Poncet's Views

Paris LE NOUVEL ECONOMISTE in French 17 Mar 80 pp 42-43

[Interview with Foreign Minister Jean-Francois-Poncet; date and place not given]

[Text] [Question] It seems that economics is getting a fresh pedigree from the Quai d'Orsay. With what object, precisely?

[Answer] Economics becomes with every passing day a more important part of our international relations, and our position in foreign markets is more and more crucial not only for our independence but for our very existence in a world where it is necessary to adapt continually in order to survive and prosper.

The Quai d'Orsay thus takes full account of the ceaselessly growing importance of economic questions in international life.

[Question] Can an ambassador also be a commercial agent for his country abroad? To what extent?

[Answer] Our ambassadors keep a watchful eye on our commercial, financial, and industrial presence. This does not mean, obviously, that they substitute for their commercial counselors and attaches, whose role with respect to direct and daily contact with commercial affairs remains primary. The order of 1 June 1979, affirming the authority of chiefs of diplomatic missions over all the representatives of the different ministerial departments, has given our ambassadors increased responsibilities, especially in the economic domain.

[Question] What method of foreign trade promotion seems most effective to you? The German system, which relies on active chambers of commerce, or the Japanese system, with its diplomat-commercial representatives?

[Answer] Every country has a system of export promotion that is compatible with its traditions and institutions; the French network of commercial counselors and attaches answerable to the DREE [Department of External Economic Relations] has proved its worth: France is among the world's largest exporters. Like German exporters, the French have an increasingly dense network of chambers of commerce abroad.

[Question] In your opinion, what is the ideal profile of a diplomat in 1980?

[Answer] The 1980 diplomat must be a man in the field, capable of developing contacts with all sectors of local life: officials, personalities in the economic, cultural, and political spheres, in the universities as well as in the labor unions, but also, you must understand, with our compatriots living abroad. The diplomat must wholeheartedly "live in the country" where he is accredited and go beyond the diplomatic milieu, which should no longer be the almost exclusive source of information it once was.

The 1980 diplomat must be "multi-disciplinary": the ambassador must understand and direct the activities of all his services, the commercial, cultural, military, consular, etc. The diplomat thus must not only be a generalist in international relations, but also acquire real competence in all areas in which our activity abroad is increasingly exerted.

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NATIONAL POLICY IN FRENCH FOREIGN INDUSTRIAL INVESTMENT

Paris POLITIQUE INTERNATIONALE in French No 10, Winter 79/80 pp 101-117

[Article by Alain Chevalier, Vice President and Director General of Moet-Hennessy; Vice President of the National Council of French Employers (CNPF): "Does France Have a Foreign Investment Policy?"]

[Text] The question might be surprising since the French government for several years has said that it has opted for an open policy with respect to French industrial and commercial investments abroad, at least the kind that can participate in the consolidation of French foreign trade.

Actually, the very formulation of the official doctrine, that reserves encouragement only to investments that are considered as "producers of exportation," gives evidence of a problem and shows that France has not yet rid itself of a restrictive attitude, caused by distrust and by more or less explicit reservations regarding industrial implantation abroad.

The Days For French Foreign Investment, recently organized by the CNPF, moreover again made it apparent that there is still an open controversy, not on the principle of a selective policy in the matter, but on the criterion that serves as the basis for this selectivity. It is the very idea of encouragement only for investments leading to exportation that was unanimously considered as ambiguous in formulation, open to criticism because of its basis, and outmoded by France's progressive integration into a world economy.

Official Statement

However, before examining the data of the discussion more in detail and the manner in which French policy should develop from the point of view of enterprises, we should briefly recall where our country stands with regard to its foreign investments.

Lack of Precise Knowledge of Facts

First ascertainment: France, a long standing foreign investor country, has no inventory, even an approximative one, of its assets abroad...

Prior to World War I, France had accumulated quite a considerable amount of capital abroad, since at the time it ranked second worldwide. But this involved few direct investments and much more in the way of portfolio holdings, generally in the form of state loans which very often experienced unfortunate consequences. As a result, French investments abroad developed little compared with those of the principal industrialized countries, and also with foreign investments in France. In addition, they have long remained concentrated on the countries of the former empire, where the period of decolonization was accompanied by new spoliations. The memory of this has not yet been completely obliterated.

However that may be, and in spite of (or perhaps because of) its long past as a foreign investor, our country does not yet have statistical data that would make it possible to examine this matter more closely and to base a real foreign investment policy on indisputable bases. French research organizations, whether public or private, have just begun to make a thorough study of the matter (or are just beginning to do so), whereas their Anglo-Saxon homologues have produced a great deal of literature on this subject for 15 or 20 years. This scarcity applies also to information concerning enterprises, and one is forced to note the scarcity or absence of information on conditions of implantation, investment systems, cost factors, the social system, labor, and the employment conditions of foreign countries, local and foreign competition, etc. Thus a considerable effort must be realized in this connection.

At the Level of Enterprises

On the other hand, it must be acknowledged that for their part enterprises in recent years have not always had indispensable financial meetings, or were prone to a certain reticence when it was a question of taking new risks in countries considered to be not very safe.

Inadequacies were also noted at the level of organization or of administration. For example, quite rare are the French enterprises that have truly organized active, continuous, and reciprocal relations between headquarters and foreign implantations, sometimes acquired as the involuntary by-product of groups or of mergers that influenced the groups. Not very numerous are those that already have the means for an international management of their personnel, especially those called upon to carry out their activities abroad.

One can count on the fingers of his two hands those that truly have the means for research and analysis, making it possible for them to calculate the present or foreseeable impact of their activities abroad on some essential variables, like employment, the trade balance, and the balance of payments.

There thus remains progress to be made on these various levels.

A Not Very Satisfactory Recorded Balance

In spite of the lack of a continuing inventory of our assets abroad, we nevertheless have some estimates of the annual flow of French investments beyond our borders. These estimates make it possible for us to compare ourselves approximately with other great industrial countries.

The development of direct investments abroad is an international phenomenon. From 1968 to 1977, the annual net total from the flow of direct investments abroad, expressed in DTS [expansion unknown], for seven main investor countries has been increased 2.56 times.

France has certainly participated in the movement, but its part in this flow, which was 4.47 percent in 1968, in 1977 was no more than 3.70 percent; but it is true that this was after a peak of 5.40 percent in 1976, a record volume year for French investments abroad.

France continues to be only in sixth place, behind the United States, the United Kingdom, the GDR, the Netherlands, and Japan, and the disparity between it and these other countries in general tends to increase.

By way of comparison, we must remember that France occupies fourth place among the countries of the OECD with respect to GNP, and fourth place worldwide among the exporter countries. The value of its sales abroad (also expressed in DTS) during the same period has increased 2.98 times, while direct investments increased only 112 percent, that is, at a lesser 18 point rate, or 29 percent. In spite of the progress realized during recent years, France's lag has not been absorbed; instead, it tends to increase.

The direct investments of French enterprises abroad in 1977 increased in gross figures to 10,509 million francs; in net figures, that is, taking into account the suppression or reduction of investments, their total did not amount to more than 5,965 million francs.

Direct investments abroad represent only a relatively modest total, compared with the gross accumulation of the fixed capital of the private sector, except for housing: 2.71 percent in 1977 (net flow of 5,965 million, compared with 220 billion). Let us point out that in the same year, the GDR's total reached 4.6 percent (6.4 billion DM, compared with 139 billion DM).

In 1977, French foreign investments for their part amounted to a gross of 11,749 million francs and a net of 7,977 million francs.

Foreign penetration into France thus is not compensated by the development of French implantation abroad, which is odd for a country where one speaks so constantly of international redeployment.

However, let us not be satisfied with considering French global foreign investmtnet figures and let us examine their sectorial and geographic distribution more in detail.

Several ascertainments are necessary. France's investments in research and development of oil are at a very high level, much higher than the GDR's, for example. On the other hand, the weakness in strictly speaking industrial investments is much more pronounced than the overall data make it appear. There is a similar shortcoming in the services sector where, except for a definite effort on the part of the banking and hotel sectors, investments abroad remain very inadequate. Overall, one might schematically consider that in recent years there has been a French policy of investment abroad that has consisted of two aspects--one that tended to encourage investment in oil; the other, the de facto one that discouraged investment in industry...

On the geographic level, the portion of French foreign investments directed toward industrialized countries, in particular the United States, is less than that which one notes is the case of the GDR, Great Britain, or the United States. Likewise the portion of investments directed toward the OPEC producer markets and those of the rapidly developing countries has practically not progressed, while on the contrary the portion of investments allotted to other developing countries definitely increased.

One might of course think that the existence of some very great international groups in some countries like the Netherlands or Great Britain tends to distort international comparisons and to relegate France to a place that is not truly its own. But, in reality, France's lag is even more marked if one no longer argues in terms of annual flow, but in terms of net assets or stocks. It is thus that, according to statistics established by the countries of acceptance, France's place with respect to foreign investments in the United States or in Japan remains very modest. It is also weak in countries that are closer, like the GDR and Italy. It becomes completely marginal in some countries, like Brazil or Mexico.

A Not Very Well Informed, and Therefore Hostile, Public Opinion

For a long time investment abroad has been generally suspect in the eyes of French public opinion. There still floats around this concept the

frightful word, "multinational," the vision of fabulous profits piling up in foreign coffers, industrial reversals in policy decided by staffs encased in glass towers, and the disagreeable vestige of interventions in national policies. Even more intense is a prevailing idea that any employment that is created abroad is that much less employment in France. Public authorities and those that are administered have so often been in agreement on not evoking this spectre that the real problem has hardly been discussed: the role of foreign investment in French economic expansion and the growth of the country.

The Stake

And yet the stake of foreign investment is of decisive importance in the present effort regarding the redeployment of French enterprises.

Investment abroad has become inseparable from the choice of a foreign opening made by the French economy and that could not be called in question without a sharp decrease in our standard of living, taking into account in particular France's dependence on energy and on raw materials. In fact, if the growth of French enterprises did not orient itself toward an internationalization of policy, the enterprises would find it more and more difficult to continue to compete with the enterprises of other industrialized countries, in particular in the matter of production costs and innovation. It is within this dynamic viewpoint of the development of the strategies of enterprises that the real stake of French foreign industrial investment must be appraised. In its present reorganization stage, French industry cannot allow itself not to round the corner of investment abroad, when it has known how to take up the challenge of exportation in a previous stage.

However, here and there one still hears a defense of the idea that priority should continue to be given to internal expansion and to a strengthening of our national industrial structures, with investment abroad not coming until later, at a time when the national industrial fabric has already been reinforced.

Actually this is an incorrect alternative. French enterprises have already made a considerable attempt at adaptation since 1974. If one excludes the case of oil, the effort has remained centered for the most part within our borders. Well, one of the elements for the strengthening of the competition of our enterprises resides precisely in a strengthening of their foreign implantation.

But in order to convince a public opinion that is not very well informed regarding the necessity of a dynamic and more willing policy regarding

investment abroad, one must not hesitate to confront restraints and to overthrow taboos. In other words, one should agree to an analysis and discussion of the supposed impact of foreign investment on employment, the balance of payments, and the control of the productive apparatus, since these are the three main categories of criticisms addressed to the enterprises that invest abroad.

The Impact on Employment

Contrary to a widespread a priori, investment abroad does not result in reducing to an equal degree productive investment in France.

The problem generally is not one of deciding whether one will invest less in France and more abroad or vice versa, but whether or not one will invest abroad. Expcept for rare exceptions, it is not a question of choosing between France and abroad. It is a question of choosing between the presence or its absence on a market closed to direct exportations. It is a question of the certainty of supplies, of the acquisition of techniques not available in France, etc...

In a serious evaluation of the consequences to employment, it would also be necessary to calculate the immediate positive results--in the form of sales of equipment or of research work, for example--or the deferred ones--in the form of the creation of stable exportation flows from a headquarters establishment to its foreign branch, whether it is a question of components, series parts, parts of ensembles, or of technical assistance.

It appears in this connection that the enterprises that invest abroad quite naturally tend to keep within France the manufacture of their most sophisticated and highly valued products that constitute the most advantageous elements of our exportations and the highest quality activity, the least vulnerable, and the most apt to provide a future for the enterprises.

An inquiry carried out by the CNPF with 70 enterprises concerning the results of their implantations abroad has recently brought out the fact that in reality in most cases the companies that implant themselves abroad expand more quickly than the others, and that in the worst of cases, the tendency toward a decline in employment in France has at least stopped.

One must not forget that, after all, foreign investment directly furnishes jobs to more than 40,000 French administrative and technical personnel who work abroad for France and that this figure is continuing to increase.

The Impact on the Balance of Payments

The current official French doctrine refers only to the results of foreign investments on exportations; it also has to do only with short and intermediate-term results on exportations, since privileges are reserved only to investments that in the 5 years following their establishment will show an expansion in exportation from headquarters equal to 3 or 4 times the capital invested.

Thus one notably excludes long-term results on the trade balance and on the balance of payments.

This is all the more questionable since public opinion tends to see in the term, "foreign investment," only the initial outlay of capital. Well, on the financial plane, the transfer of capital outside of France in reality represents only an often minimal part of total investment, also financed from local and international sources, and the total produces profits that are sent back to France.

The present inadequacy of the French statistical apparatus unfortunately hardly makes it possible to form a precise idea of the profit and revenue from investments abroad that are reinvested locally or returned to France, as well as returns to France in the form of royalties, technical assistance, sharing in headquarter's expenditures, etc.

A study of the consolidated statements of enterprises, completed from data relating to the direct effects of investment on financial results through transfer prices, and all types of reimbursable amounts for expenditures made by branches, and compensation for the initial outlay and services from headquarters makes it possible for one to think that direct investments abroad in time will contribute to an appreciable improvement in France's situation regarding international payments.

In this connection, the analysis of specific cases of implantation abroad carried out by the CNPF confirms the results of other analyses of the United States Department of Commerce and of the Bundesbank in the FRG, which show that the results of the exportation of enterprises that invested abroad are clearly above the average results of other enterprises dealing in the same kind of exportation, and this without even taking into account so-called invisible exchanges.

Therefore these elements should be kept in mind when making an evaluation of the benefit to the French economy of a given investment abroad.

The Delocalization of the Centers of Decision

The idea that foreign investment would mean transferring the centers of decision away from headquarters is a pure myth.

Would better control of our economic apparatus be assured by accepting a greater amount of foreign investments in France than of our investments abroad?

The only other outcome would be the closing of borders, with the disastrous consequences that one can imagine.

In the present circumstances, in order to succeed, an enterprise that invests abroad must seek three balances:

- At the level of a company, between its internal organization and the development of its implantations abroad. In spite of the difficulties that that occasions, headquarters must provide adequate means in men and capital to support the growth of its branches on a continuing basis. It must also equip itself with a nucleus capable of elaborating a true "foreign policy."

- At the level of the distribution of work between headquarters and its implantations, so that their production would not result in any harmful effect. As for the transfer of industrial control, the problem is posed in various terms according to whether or not the branches have the same type of activity as that of headquarters. In the first case, it will have to be sure to maintain its technological progress. In the second, it will be able on the contrary to entrust a pilot role to one of its foreign implantations.

- Finally, at the level of the control that is exercised: headquarters must maintain sufficient control to assure coherence of policy and its general objectives, and at the same time give its branch enough flexibility and freedom to enable it to act as a local company and to react as rapidly as required by the constraints of its own market.

That is why expansion abroad should hasten the dual movement that is taking shape in French enterprises toward decentralization of administration and centralization of strategy.

Distinctions Without Economic Justification

The memory of classic criticisms of foreign investment makes it possible to show to what point they include the criticisms that are commonly evoked in France in this sphere.

This is how it was possible to make a distinction between "delocalization investments" of the French productive structure and "producers of exportation" investments, even in very official reports.

Did not one of the most recent ones indicate that, for one part of the administration, enterprises should not be encouraged to invest abroad when they no longer are direct "producers of exportation investments," but investments "that might lead to delocalization of activities implanted in France"?

According to statements in the report in question, delocalization investments, because of their extensiveness, would cause an imbalance in the balance of payments: they would cause France to either accept greater indebtedness, or to open itself more fully to the penetration of foreign capital; such investments could turn out to be very costly in number of jobs lost. Finally, for the firms, investment abroad many times constitutes an opportunity and a means for specialization. It would avoid the difficulties that reorientation of productions or the adaptation of manufacturing procedures would entail. But in doing this it would deprive the national economy of resources that are necessary to its readaptation and of the stimulus that is indispensable to the development of new productions. In time it would lead to the appearance of significant discontinuities and weaknesses in the national industrial fabric.

Such a distinction between good investments, those that are producers of exportation, and the bad ones, that is, delocalization investments, rests on two purely theoretical, and also erroneous, concepts.

Delocalization investments in reality are relatively rare in the French case, and essentially are found when a decision not to invest abroad generally would have compromised the future, even the survival, of the enterprises concerned. It is enough to total the amount of French investments in the countries considered as having low salaries or very low production costs to realize to what point this type of case is still relatively exceptional, save for some well defined sectors. It represents barely a few percentage points of all French investments abroad.

As for investments that are producers of exportation, it has already been emphasized that this idea excludes, without economic justification, investments with intermediate and long-term effects that might prove to be favorable, both with respect to the balance of payments and to employment.

Thus the economic reality is somewhere other than in this theoretical distinction. That is what should be examined more closely.

French Policy Must Be Adapted to Realities

The fear of the reactions of a public opinion assumed to be hostile because it is uninformed, the continuance for years of a policy centered

above all on the search for a short-term balance, a tendency to suspect operations considered as capable of reducing fiscal revenue to the benefit of those abroad, or of opening breaches in the control of exchanges--these are some of the motivations that have long inspired the French regulation of foreign investments.

In the past few years, and still quite recently, French public authorities adopted a whole series of measures that brought some very substantial improvements to the system of foreign investments. However, we have not yet completely emerged from a system that has been inspired above all by short-term requirements and by preoccupations for an immediate balance of foreign payments. But the main drawback of the present formulation of the system is of a psychological nature. This formulation in fact tends to accredit, even though quite involuntarily, the criticisms that have been made, without real justification, of foreign investments.

A new French foreign investment policy, one that is more voluntary and more dynamic, should rest on the fact that activity outside of the hexagon and the metropolitan activity are the two parts of a complementary and indistinguishable whole in a world strategy for expansion.

Investment is no longer a possible option for many enterprises. It has become an imperative. Not only for big enterprises. Experience teaches that the matter also concerns many medium and small enterprises. Likewise, the imperative for investment abroad applies to all sectors, from raw materials, to agro-industry and processing, and to services. Moreover it is not without good reason that the services (excluding of course the case of banks, that for a long time have supported exportation efforts abroad, and the case of the hotel business) consider that they have been somewhat abandoned with respect to implantation.

The improvements to be brought to the present situation should focus on three main topics:

- The administration of foreign investments.

- Initiatives to be taken by the enterprises, themselves.

- Relations with the countries of acceptance.

The Administration of Foreign Investments

The recent Days For French Foreign Investment furnished an opportunity to highlight a certain number of desirable changes in the present administration of this category of investments.

Let us recall some of the essential elements of the requests formulated by the enterprises:

- In the matter of the control of exchanges, a great extension in the implementation of agreements-personnel with the administration, which will make it possible for the enterprises to engage in an intermediate-term policy without risking calling each matter into question or the consequences of a stop and go policy.

- In fiscal matters, improvements in the conditions of application (currently very restrictive) of article 57 of the CGI [expansion unknown] relating to transfer prices between headquarters and a foreign branch, the details of contracts of non-dual-imposition, and finally the application of a system of provisions that is tied in with the constitution of investments abroad.

- In the matter of the protection of investments, a suggestion has been made for a more inclusive definition of political risk and the broadening of the geographic sphere of our system, which covers only some 35 countries, compared with 48 for the FRG and 114 for the United States.

- On the financial level, there has been a request to create or to develop, with the support of public authorities, as in the case of the FRG and of several other countries, one or several financial organizations that would associate with enterprises by participating financially in their foreign implantations.

- With respect to that which concerns the PME's [Small and Medium-Size Businesses] in particular, it would be advisable to establish a system that is more stimulating, one that can overcome the handicap of their financial standing and of their capacity for indebtedness. The orientation made in this regard by public authorities regarding the granting of participation loans for investments abroad has been approved, but the criteria for acceptance should be both objective and flexible and should take into consideration the realities of our expansion abroad.

In addition to taking up these immediate improvements, the present criterion of exportation producing investments, utilized to grant the benefit of a good number of provisions as encouragement, has been called in question.

If one is not to abandon this criterion completely, one should at least broaden and supplement it by adapting it to economic reality. In particular, one should take into consideration the imperatives of the international redeployment of French industry; one should not limit oneself to an evaluation of the short-term consequences of the investments under consideration on the commercial balance, and one should take into account

the positive effects on employment and on the balance of payments.

The Role of Enterprises

Of course the objective of a foreign investment system must be to facilitate decisions, to support acceptance of enterprises on an international scale and, through that, to strengthen their competitiveness.

But it would be incorrect to maintain that the development of French implantations abroad depends foremost on the more or less favorable character of a certain number of procedures or of methods of financing. This development in reality will proceed first from the economic and social policy of France, from the competitiveness of French enterprises, and from their capacity to adapt to the new conditions of international competition.

The primary responsibility regarding the promotion of a French foreign investment effort falls finally on the enterprises, themselves, and on their professional organizations.

Some lines of actions have been proposed in this regard:

- A particular effort is to be realized to promote the implantation abroad of small and medium-size enterprises;

- Much remains to be done at the level of resources for studies, information, and support, at present very inadequate in France;

- Initiatives are to be developed in behalf of the promotion of private industry and technical cooperation abroad;

- International action on questions relating to foreign investments should be emphasized;

- Finally, the organization and the very administration of French enterprises will have to give more attention to the phenomenon of implantation abroad, especially with regard to the matter of expatriated salaried employees.

Private Investment, Determinant Element of the French Presence in the World

At present there are about 1,300,000 French persons abroad who clearly participate in their country's presence and in the dissemination of their country's culture. It was politically and socially necessary that one recognize, as has been done, their importance by improving their living conditions, especially in the fiscal, social, and educational spheres.

At the level of the Ministry of Foreign Affairs, the creation of a Directorate For French Persons Abroad and for various similar initiatives has recently indicated the willingness of the public authorities to give greater consideration to their problems.

But it is clear that, on the economic plane, the most determinant manifestation of a French presence abroad is already evident through the investments of our enterprises, whether in the form of work shops, branch establishments, "partnerships," industrial cooperation agreements... and of course also by the approximately 50,000 men who are charged with making or administering these investments in behalf of their French headquarters.

This ascertainment leads one first to wonder how the protection of French private property and interests abroad is currently being assured.

Without speaking of the vicissitudes connected with decolonization, it is unfortunate that frequently in the countries of acceptance (and not only in the so-called developing countries) some French enterprises experience various maneuvers and pressures that tend to result in the control of their investments being taken over. It is less a question of pure and simple despoliation than of more or less insidious pressures against which isolated enterprises are deprived of means of action.

It would not be possible to accommodate to a situation in which the French State had helped to implant enterprises and then would refrain from supporting them during the course of their activities by taking refuge behind the principle of not mixing foreign policy and private interests. A foreign policy could only be global. It must integrate the "technical," economic, or financial aspects, as well as the more specifically political aspects, in order to implement a coherent strategy. Of course mechanisms already exist to provide financial guarantees to enterprises, with a certain number of conditions, to assure the minimal stability necessary for investment operations. But it is not only a financial matter. The safety of French investments abroad also supposes a unity of viewpoint among our various ministerial departments, so that preoccupations having to do with the safety of French holdings abroad will be properly taken into account.

One may hope that the new organization for State Services Abroad that has confirmed the authority of an ambassador over all of the French services in a country under consideration will contribute to the effective protection of French investments to the fullest, so that diplomatic posts will be able first of all to foresee and, as much as is possible, to anticipate the decisions of the country of acceptance; then, in case of dispossession, to come to a suitable negotiated settlement.

If it is conceivable, through measures or actions of a diplomatic, juridical, or financial nature, to better protect French investors, one could, parallely, in connection with our relations with developing countries, define a new concept of industrial cooperation, one that is based more on reciprocity and interdependence of interests and that integrates the protection of foreign investments (political, economic, even military) with the various aspects of cooperation with the countries of acceptance.

A European approach to the problem could also be envisaged. It would consist of engaging in a dialog with regional groups in developing countries and by proposing balanced formulas that would involve the association of European enterprises in the economic development of our partners. But in this connection it must be acknowledged that the experience of the Lome Convention regarding revival is disappointing. The new agreement, that links the EEC with the 57 developing countries, as a matter of fact is very timid in the matter of the promotion and the protection of investments. It contains only one rather vague provision that opens the possibility for countries that desire to do so to sign agreements for the protection of investments and is not at all innovative when it comes to industrial cooperation. An opportunity has thus been lost.

Recognition of the major role of private investment abroad should also lead to reflexion on the ways and means of French cultural and technical cooperation, that also represents one of the main forms of a French presence in the world and that acts chiefly to the benefit of the developing countries.

It would be desirable to undertake a thorough reorganization of the French system of technical and cultural cooperation--presently not very coordinated, that is poorly distributed geographically, and is still too greatly influenced by historical unwieldiness--in order to reorient it, in a deprived world, toward the priority of economic development and industrial cooperation. One should not labor under any delusion: the continuance of French cultural influence, like the use of French abroad, will depend more and more on the strengthening of our economic presence. That implies in particular a cultural and technical cooperation that is more concerned with economic imperatives and that is more oriented toward future markets.

In a general way, and excluding the single aspect of cultural and technical cooperation, one must note that the promotion of productive investment and of private investment is not being taken into consideration sufficiently in the French system of assistance to the Third World.

If France actually possesses a system that guarantees investments, it does not have any planned assistance program, contrary to the case of other industrialized countries. And we are not going to repeat what has already

been said regarding an organization inspired by the German DEG [expansion unknown] that participates in the financial affairs of branches that German enterprises establish in the PVD's [developing countries].

Finally it must be added that there is only one promotional organization for French investments abroad, one that is the result of private initiative alone, that operates in French speaking countries with very modest cooperation from the French public authorities. Public and private endeavor should be considerably increased in this domain and be applied chiefly to areas that are not currently covered, but that are essential as far as prospects for development are concerned.

All things considered, it would be useless to imagine that a country like France could increase its sales abroad at this past decade's rate with only direct exportations.

In the forthcoming years, it will be able to develop leader sectors, specializations, dominant products only to the extent that it acquires greater positions of strength, not only on the national market but, through implantations abroad, on the world market. It is only thus that we will be able to assure the growth of our enterprises and to protect employment.

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CHIRAC INTERVIEWED ON PLAN TO REBUILD ECONOMY

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[Interview with Jacques Chirac by Gilbert Mathieu: "Rally for the Republic Chairman Proposes 'Restoration Plan'"]

/Text/ Increase in investments; special tax on property; rise in public service rates.

Mr Jacques Chirac, who until now has been silent as to the financial resources needed for the economic and social policies he recommends, has lifted the veil from his blueprint in the interview given below. Convinced that there is no way out of the crisis without an energetic "restoration operation," permitting a "return to confidence," the RPR /Rally for the Republic/ chairman establishes the reduction in "unemployment, that cancer on the body of the community," as an absolute priority.

To finance the "new growth" which he considers necessary, especially the heavy capital goods expenditures and the social measures characterizing it, Mr Chirac proposes, at once, a limitation by one-half of civil service hiring, a 10-percent reduction in budget subsidies for action to be taken--which would entail a stiff rise in public service rates, noting that "the moment has come to make the user pay, instead of the taxpayer"--and a tough fight against VAT fraud and a special tax on big property holdings.

To balance the social security budget, the mayor of Paris is more confident in the creation of jobs than any hypothetical savings from health expenditures. In his opinion "it is natural for them to increase" because our fellow citizens are getting better care." These prospects of economic and social revival do not seem to be incompatible to him ith a serious fight against inflation and the search for foreign /trade/

balance. Mr Chirac thinks that both of these efforts would be better accomplished if French policy were not, as it is now, "enfeoffed to the big international interests."

/Question/ You proposed vast economic and social action programs to the country, such as revival of production through 10-15 billions in supplementary investments; specific actions in certain key sectors such as construction, agricultural production, chemical industry, shipbuilding, steel industry, machine-tools, and furniture; massive support for the PMI so as to help them grow; education salaries equal to 50 percent of the SMIC /Interoccupational Minimum Growth Wage/ and free individual homes for large families. In connection with these measures, you suggested a total cost of 30 billions in supplementary expenditures per year, in other words, 6 percent of the government budget or 1.3 percent of the national output. Is this total still correct?

/Answer/ Before getting into a discussion of statistics, I would like to say first of all that a new economic policy, in the current situation, calls for a restoration operation which must abide by certain principles of a political rather than economic order. One cannot in effect try to concern oneself with the effects without touching the causes and this is not only a matter of organizing a change in current policy.

In particular, it is necessary to discard certain methods of action which, through authority, seek to achieve effects contrary to those that would permit the spontaneous interplay of economic mechanisms. It is in this spirit that I approved the principle of eliminating price controls, that I am hostile to a revenue policy, to quantitative credit controls, to the manipulations of the VAT, to any policy seeking to conceal the number of unemployed, to appeals for investment issued in the absence of any drop in the long-term price of money. It is only in this general context of a return to truth that one can contemplate the problem of the resources in support of a new economic policy and their financing.

/Question/ Let us then get back to this question: How are you going to finance this new policy?

/Answer/ The necessary recovery operation implies a return to confidence. An atmosphere of confidence would lead to new forms of behavior and would modify the financial impact of the decisions. And new growth would be based not only on public financing, but also on private action. A new way of behavior, for example, would bring about a return of capital that had been invested abroad; it would exert pressure on interest rates and it would stimulate investments. We have to get the country out of this system where you pay people to do nothing instead of giving them jobs.

I am not talking about a revival; I am talking about new growth. To describe the difference with respect to the current situation clearly, characterized as it is by an error in economic situation estimates, but also by a political determination conditioned by the myths of the Club of Rome, regarding "soft growth." We are as a matter of fact now in France witnessing insufficient growth whereas, for 15 years, we had expansion in excess of 1-1.5 percent compared to West Germany, with a rate of inflation that was barely a little bit higher. According to the latest EEC statistics, I note that, in just one year, Germany showed an industrial output gain of 5 percent (less than 4 percent in France), an unemployment decline of 11 percent (as against an unemployment rise of 9 percent in France) a price rise of 5 percent((12.8 percent in France), with Germany holding on to a better balance of trade and lower interest rates.

We cannot fail to note the consequences. The objective must be once again to top the German growth rate. Let people stop telling us that there is something inevitable about this.

/Question/ So you think that a country can, by itself, provide itself with the means for strong growth when the international environment and the main trade partners are stricken with anemia?

/Answer/ Of course, we are not going to deny the internal effect of this environment. But it is wrong to believe that it prevents new domestic growth, implying a new overall economic policy and special action and above all important aid to investments.

Foundations for New Growth

/Question/ Of what kind and what amount?

/Answer/ I think that 10-15 billions in supplementary investments would suffice and they could be financed by a combination of various fiscal and financial measures. I am thinking here in particular of the upward evaluation of the project which would involve a total of 50 billions and which, spread out in terms of time, could be applied in the beginning at a rate of 5 billions per years. I am also thinking of a system of accelerated amortization, a policy of interest rate improvement to reduce the cost of loans taken out by enterprises or private individuals.

All of this, of course, should be within a framework of planning that would spell out the general objectives and the essential priorities to be pursued--not in a context of letting everybody do as he pleases. The priorities are clear: exports, reconquest of the domestic market, key sectors, the agricultural and food industry, and energy savings. We cannot tolerate a situation where our imports continue to grow at the

current rate, that is, 26 percent in one year for capital goods, 21 percent for household equipment, 34 percent for cars, and 38 percent for consumer goods.

Doing all that would enable us to outline the foundations for new growth. I am on the other hand convinced that an effort aimed at relieving the 1.5 million PME [small and medium-sized business enterprises] of restrictions of all kinds, which are paralyzing them now, would give them a serious capacity for growth and employment. These are precisely the enterprises where the impact on imports is weak, especially in building.

But, to do that, we must not indistinctly, as we have done, tighten up credit restrictions. Look at what President Carter is doing in the United States: he has excluded agriculture, housing, and cars from the new tightened credit rules. That is a bit of wisdom. In France, we do the exact opposite: each year we allow 3,000 small enterprises (net figures) to die whereas American studies--which I of course am quoting with every reservation--recently showed that lifting technical restrictions upon the French small and medium-sized businesses would make it possible to figure on a supplementary national output growth of 1-1.5 percent without in any way harming the balance of payments.

[Question] Looking at the cost of social measures which you announced, such as education salaries, free homes for large families--

[Answer] The figure for the education salaries has not yet been calculated precisely. But I can tell you that it is my intention to establish it in Paris and that, calculated on the basis of 50 percent of the SMIC, allocated as of the third child, it would cost, for the entire population of Paris (both French and foreign) less than F 50 million per year.

As for the single-family homes to be built for large families--with a free lot as of the fourth child, plus a free house as of the fifth child--the cost would be very low considering the unfortunately small number of such cases.

Forcing the Government to Reduce Its Living Expenditures

[Question] But one must also add the increase in military expenditures which you talked about during your press conference on 12 February. Now, nine additional submarines, at about 4 billions each (including the nuclear payload), that would make 36 billions to be spread out over a dozen years. Or, a total of 3-4 billions per year for the submarines, to be added to something like 30 billions per year as indicated earlier. How do you visualize the financing of those 33-34 billions per year?

/Answer/ Let us first of all talk about the submarines. Nuclear expenditures currently account for less than 15 percent in the French military budget; 4 billions in additional spending would represent a marginal expense compared to the total. Moreover, it would be perfectly possible to save those 4 billions and the effort, which would be necessary to give our strategic strike force the transportation required and to put together the civilian force, through savings in the operational forces--that would in particular call for a reduction and an adaptation of military service.

The increase in military spending, which I want, is necessary above all for psychological reasons, more so than for technical reasons.

/Question/ That leaves us with the fact that we must find at least an additional 30 billions per year somehow. When you talked about that, you suggested six main types of financing sources: savings on the government's "living expenditures" which you called "arrogant"; keeping a close watch on social expenditures; the fight against tax fraud; taxation of money invested for speculative purposes (gold, precious stones, art objects); pursuit of "money evasion" (flight to Switzerland); institution of an energy tax. What do you expect from each of those measures?

/Answer/ The 30 billions in question constitute only a portion of the effort to be undertaken. We must also restore a balance in the various public accounts, that is, the government budget as such.

/Question/ Which shows a deficit of 35-40 billions per year for the past 2 years.

/Answer/ You have to make a distinction here. Under current government policy, the underlying cause of the budget deficit is the excess of operating expenditures; it is purely inflationary. If, on the other hand, we were dealing with investments that will be counterbalanced after a ceryain period of time by the production of supplementary gouds, with investments being financed through loans, then the problem would be different.

Slowing Down Civil Service Hiring, Reducing Budget Subsidies.

/Question/ So, what do you propose?

/Answer/ First of all, budget savings. When we ask for an 2-billion cut by the autumn of 1979, which was quite modest, some people almost said that we were crazy. Then the premier, picking up our idea, sent

a letter to his ministers, asking them to study for the year 1981, a reduction of 20 percent in program authorizations. With an infiltration of 12 percent, that would correspond to a reduction of the government equipment procurement effort by one-third. What you have here is a complete error in diagnosis and therapy.

This kind of suspension of public investments would be unreasonable. From 1977 until 1980, civilian equipment expenditures went up only 30 percent (10 percent less than the gross domestic output), whereas regular operating expenditures increased 60.6 percent (18 percent more than the gross domestic output). In so doing, the government is forcing the French simply to hold on to their living standard, whereas it increases its expenditures under unreasonable conditions. Moreover, this is expressed by the tremendous increase in bureaucratic controls which restrict the freedom of the citizens and their capacity to conduct business.

What I propose is very different. First of all you have to reduce these controls by forcing the government to reduce its operating expenditures. At first sight, one can save 2 percent out of all of the civilian operating expenditures in the budget, at least those that can be cut, and they come to 184 billions in the budget for this year. President Carter has just done something much more abrupt in the United States.

[Question] In other words, you want to slow down civil service hiring?

[Answer] Yes. I think that one could limit hiring each year to half the number of persons departing upon retirement. This presupposes a reduction in administrative activities. But not in those concerning security which for the moment are insufficient. But here again one can act without creating jobs through the assignment of people to different positions; here you might think of those thousands of police officers who, on the nation's highways, often conduct useless spot checks on speed, whereas on the other hand we would need those police officers much more to provide protection in residential areas.

[Question] And what about the other budget items?

[Answer] I think that one can reduce civil action expenditures by 10 percent and they come to 165 billions now. That would obviously be expressed by a rise in certain public service rates since national [government] enterprises would be forced in this way to make up for the drop in government subsidies. The moment has come to make the tax payer pay less and to have the user pay more.

[Question] So, the price rise would be speeded up and that seems to contradict one of your objectives which is to slow inflation down.

[Answer] I believe that the new economic policy which I recommend would also have the effect of increasing the supply of goods and thus it would reduce the risk of a price rise. At any rate, to prevent the adjustment in public service rates from penalizing low-income people, social compensation measures will have to be taken simultaneously.

[Question] Overall, a saving of about 20 billions per year. Tell us specifically what your plans are for new tax revenues, especially the fight against tax evasion.

[Answer] This struggle is already being conducted to a greater extent than one might think quite often. As for the rest, it is true, that a considerable volume of tax fraud remains to be stopped. But that pertains above all to the VAT. For my part, I would not figure that action in this field would require a large amount of money.

[Question] So, would you call for property taxes? Some of your friends recommended on various occasions that such an annual tax on big property holdings be instituted. Does this seem timely to you now that the "brain trust," appointed by Mr Barre, has concluded that this idea should be rejected in order to replace it with a simple strengthening of inheritance taxes?

[Answer] The "brain trusters" rejected a tax on capital because that would imply an annual survey which would be difficult to carry out and which would probably be insupportable. They also recommended a revision of the inheritance taxation system with more extensive exemptions for small inheritances and the institution of a heavily progressive scale for big inheritances. I agree with those conclusions although I am not against a capital tax on principle.

But my agreement contains several important reservations. One must not superpose several property taxes on top of each other; it is therefore necessary to drop the taxation on surplus value and to ease the tax on transfers. Taxation must be applied to the transmission of an inheritance and not to its being held. It is necessary to exempt small inheritances with the help of a stiff increase in the individual rate (F500,000 per share instead of F175,000) which must be indexed. The transfer of a working tool from the industrial manufacturer, merchant, craftsman, farmer or forest operator must also be exempted. Finally one cannot conceive of a partial tax reform without an overall reform of our fiscal system, in particular involving the elimination of the professional tax which should be replaced by a shift to the VAT.

Special Tax on Property

[Question] Two remarks, if you please: what you propose will reduce the government's resources whereas the question comes up as to how you figure on increasing them in order to finance your plan. Next, you seem to be abandoning the idea of a declared tax on property, proposed by your political friends, which, based on free declaration by property owners, does not involve any administrative difficulties. That by the way is how the system works abroad, wherever it does exist.

[Answer] I am not abandoning anything. I think that the declared tax is possible and desirable; but I believe that, instead of being annual, it should be special and it should precisely be a part of the vast program of recovery which I propose. It could take the form either of a mandatory loan, which would lift the obligation, or a tax as such.

[Question] You also talked about a tax on energy.

[Answer] We already have one--on gasoline. One could study more modern and more dissuasive taxation on energy; but that would not be an immediate response to our budget and finance problems.

[Question] Taxation on speculative capital, in other words?

[Answer] I have always found speculation or capital evasion to be very shocking. One cannot resign oneself to that situation.

[Question] But is there not a contradiction in wanting, at the same time, to embark upon this road and "restoring confidence," as you put it?

[Answer] Not exactly because one might imagine that these two policies would follow each other in a certain line of continuity: confidence in capital invited to return to the country or to be invested, followed--after a certain deadline--by penalties. But the truth is that confidence, based on liberty, cannot be decreed. The important thing is to restore it from the very beginning. If we do not change our policy, we are going to have trouble in getting this sort of thing.

First of all, Reduce Unemployment Which Ruins Everything

[Question] Overall, if we add up your various proposals, we do not get the famous 30 billions to be spent.

[Answer] This is because I have been talking about special action with respect to property, to be carried out within the framework of a restoration policy, in the service of new orientations. The rebalancing of the budget and the various public accounts would furthermore take time. And it would

require broader actions.

Take the example of social security. Today we can see the government struggling hard to reduce health expenditures and to invent absurdities such as a double system of medicine: one system for the poor and another system for the rich! In 1980! Now, if we only had, let us say, 500,000 unemployed, instead of the close to 1,500,000 we have today, then there would be no problem in financing social security based on the payment of contributions.

Worse than that: did you know that the representatives of the government submitted, to the social protection committee of the Eighth Plan, a working assumption calling for a social security deficit of more than F100 billion in 1985 (if social security contributions are not increased)? Very simply because this assumption calls for 2.6 million unemployed in 1985--more than 1 million higher than the figure today.

Now, here is something which is insupportable: on one hand, the government is supposed to come up with 60 billions more in expenditures to compensate the unemployed or to finance the employment contract and the resultant deficit in social security; on the other hand, because the number of unemployed is enormous, social security is simply included in the deficit What we have a right to expect is results, not savings. Some people undoubtedly may be attracted by the contract method. But what we need above all is to absorb unemployment, that cancer on the body of the community as a whole which ruins everything.

[Question] How?

[Answer] Through the new growth policy which I am proposing. The first objective of the policy to be pursued must be employment; that is a goal, not a consequence. The objective is realistic and can be achieved: just look at the United States which, between 1974 and 1978, created 11 million jobs; the population of the United States is four times the population of France and, for us, in proportion, that would be the equivalent of 600,000 jobs per year. That is what we need to keep up with the population explosion because 800,000 young people will soon, each year, demand work instead of the 600,000 in the past. That is the only thing one could do in the face of rising social expenditures.

[Question] Are you in favor of a ceiling on social expenditures?

[Answer] You have to make a distinction here. It is quite natural that health expenditures should go up. Our fellow citizens are taking better care of themselves and the evolution of technology makes much of that care more expensive. One could make savings only in a very minute fashion. But, as I said, the solution to the problems of social security is not there;

it resides in the reduction of unemployment.

On the other hand, the redistribution policy--as a moving force for social progress--has reached its limits. We have arrived at economic paralysis and social absurdity; we take from the poor in order to give back to the poor, as we have done just now by making the retirees pay social security contributions! We must thus stop increasing the amount of redistribution and make the distribution of that amount more equitable. At the same time we must seek another moving force for social progress. This is what we are doing by reflecting upon the techniques of participation.

[Question] Beyond the budget aspect of these things, do you not think that your proposals, if they were implemented, would, along with an economic revival, trigger a speedup in inflation and, in any case, in the foreign [trade] deficit because French imports usually go up one-half to two times faster than domestic output? Would the franc withstand this kind of revival?

[Answer] I am obviously neither in favor of inflation, which most heavily strikes the most modest-income people, nor am I in favor of a foreign trade deficit, because everybody can understand that a country, just like a family, cannot for a long time spend more than it earns. But one can at the same time limit both of them.

France Currently Enfeoffed to Foreign Financial Interests

[Answer] Inflation, first of all. Today there is no longer any direct link between inflation and growth because the Western economies no longer work along a Keynesian scheme. During the 1975-1976 recovery plan, for example, 400,000 jobs were created (whereas only 200,000 disappeared); now, inflation went down. The price rise was 13.6 percent per year when I took over in Matignon [House] and it was 9.6 percent when I left.

[Question] The international environment was less unfavorable at that time.

[Answer] Japan just the same had an inflation rate of 26 percent and the petroleum price rise made itself felt very heavily. The fight against inflation implies a certain number of measures which I am proposing.

[Question] Precisely, would control over the issue of money seem to you to be a decisive element? And, if yes, how could you prevent an economic recovery, such as the kind you want, from speeding up this issue of money? In 1979, the total volume of money increased considerably faster than Mr Barre had expected, in other words, by 14.3 percent instead of the 11 percent desired.

[Answer] One of the essential means is to put an end to the outgo of Eurodollars and Euromoney. But who cares about that today? There is no

reason for a bank to give loans in a currency other than that of the monetary zone to which it belongs. Why is France not taking the initiative in prohibiting its bankers from doing this sort of thing? This is not done because right now we are under the control of the big international financial interests.

Just like, in another field, we accept absurd foreign criticisms of supports for the milk market which are considered too expensive, entailing the risk of ruining 550,000 French farmers who produce milk. On the other hand, it would be a good idea to tax the 4.5 million tons of vegetable fat substances imported each year into the EEC in order to derive appreciable resources from that for the Community (3.5 billion ECU [European accounting units]) without harming the interests of the farmers. But this is not done because that would reduce the privileges of the big international trusts. Here again we are running into the interests of the capitalists.

[Question] The criticism of capitalism is something new in your suggestions.

[Answer] Capitalism without frontiers has never been sacrosanct among the Gaullists.

[Question] To hold inflation down, would you not return to the practice of lifting price controls for manufacturers and merchants?

[Answer] This kind of freedom is a risk we must take. But since we are talking in terms of money, I think that it is necessary to get better control of the creation of money outside Euromoney. I am not sure that a reform in monetary mechanisms, carried out following the June 1969 report on the money market and credit would have produced all of the desired results. Would it not be necessary to reconstitute an effective accounting system? One difficulty, in any case, springs from the fact that the administration has proved to be incapable of really exercising control over the banks. I would finally add that France must again become the champion of a monetary reform giving gold the place it must have as a reserve asset, as an element in defining a reserve currency, and as an element of surety for a regulatory currency.

Rejection of Lasting Foreign Trade Deficit

[Question] Looking at foreign trade, how can one prevent an even faster expansion from increasing the deficit which is already a matter of concern?

[Answer] It is true that a growth policy does bring about an increase in imports, hence, in the trade deficit. But it is not acceptable for France to have a structural, lasting deficit. France therefore must pursue a

more vigorous policy on that score than is the case now.

By increasing its revenues, above all, through the creation of export companies for the PMI, provided with by no means negligible tax advantages; by accepting a situation where the government would lose 1.5-2 billion in taxes from companies, one could stimulate 30 billions in supplementary exports in this fashion. In the field of agriculture, where we are in a very good position, there is no realistic export policy at this time and the European Community turns out to be behind all that.

Reducing foreign expenditures is also necessary. I am not calling for a tax on imports because I am in favor of free trade. But we can take action in two ways: by employing the same means as our chief partners who are creating regulatory obstacles of a technical or health nature for excessive imports; we have to do that; and we must also regain the domestic market. It is not normal for us to have to address ourselves to foreign suppliers in order to get supplies in essential fields. Within the framework of a voluntary and planned policy, we must therefore revive the domestic output of certain branches.

It is wrong to say that this is not possible because of the international environment. There are many examples of countries which have a lower inflation rate than France and a better-balanced trade, in spite of good growth. It is thus wrong and demobilizing to say the "the others" are the cause of France's problems. We must consider ourselves as being solely responsible for our own difficulties.

Triangular Operations with the Third World

[Question] You recently revived the idea of triangular operations in order to use the petrodollars of the crude exporting countries, as well as the credit and technology of the industrialized countries, in order to meet the major needs of the Third World. How do you believe that one could launch these operations in the absence of big international conferences which hardly attract you?

[Answer] We are currently in an exceptional situation enabling us to succeed in these efforts. The petroleum exporting countries this year are going to have something like $120 billion which they will not be able to use for imports because their purchases have already been saturated; the industrialized countries might fear that these funds would only feed world-wide inflation if they are not used in useful efforts, employing their production capacity and their technology; finally, the recent conference of the UNIDO showed that the industrial needs of the Third World come to something like $300 billion in 10 years.

We must therefore combine these three types of interests: those of the potential producer, those of the consumer, and those of the banker. There are, by the way, some happy historical precedents: the Marshall Plan, which benefited the United States as it did Europe; or the aid given by France under the heading of cooperation which served both French interests and those of the beneficiary countries. Now, how do we do that? In three ways.

(1) The French government must muster the energy necessary to try to get an international conference, which is to be convened, to persuade the capital-holding countries to give the Third World 20-year loans at an interest of only 2 or 3 percent, with the cost of the necessary lower interest being shared between the OPEC countries and the industrialized nations. It is possible to succeed in that and I attempted that in 1975; but this was not followed up.

(2) The EEC must set the example and negotiate such actions with the petroleum producing countries along with the indexing of petroleum prices and the payment for crude within a "basket" of currencies.

(3) Finally, France must show the way. It must propose paying a portion of its petroleum in francs. These francs, in turn, must have been loaned by the petroleum nations to the developing nations in order to complete transactions using the industrial capacities of the developed nations. France furthermore must give a guarantee that these transactions will be properly and successfully pursued to the end because those transactions are not without risks but are nevertheless necessary.

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PASOK CHAIRMAN ANALYZES HIS POSITION ON EEC ACCESSION

Athens EXORMISI in Greek 6 Apr 80 pp 3, 10

[Interview with PASOK president Andreas Papandreou by Thodoris Kaloudis]

[Text] A particularly interesting interview with A. Papandreou, president of PASOK [Panhellenic Socialist Movement], which refers to the issue of the entry of Greece into the EEC and to the positions of this movement, was published in the first issue of the periodical EPSILON, which came out the day before yesterday.

Today, the EXORMISI is republishing this interview, which was given to the journalist Thodoris Kaloudis, because we consider it to be extremely timely, following the decision of PASOK to participate in the Community's institutions.

The complete text of this interview, as it was published in the periodical EPSILON, was the following:

Nine months before Greece's accession to the European Community, and while the political developments in this country were still obscure up to that point, Andreas Papandreou reiterated with clarity the "firm opposition" of PASOK to the option of accession in an interview which he granted to the EPSILON.

For this leader of the official opposition, the accession to the EEC constitutes a very bad strategic choice. A choice which is even disadvantageous in the short run, a choice which the country is being drawn into without the suitable preparation and without its citizens being briefed even rudimentarily on it. But it is a choice whose consequences need not be considered irreversible. Because there always exists the possibility of the referendum. But also because experience shows that even within the EEC nothing is a fait accompli.

The president of PASOK is an agreeable interlocutor. He has the precision of the professor of economics and the self-assurance of the political leader. In the modest office of his family home in Kastrion, he analyzed for us his positions on our joining the EEC and the economic and political consequences which this will have for Greeks.

"PASOK"--says Andreas Papandreou--"has been and is opposed to the accession of Greece to the EEC." And he explains to us that this opposition does not constitute a refusal to participate in the processes of the European creation. Nor does it mean an unwillingness to cooperate with the West Europeans, as long as this cooperation is on an equal basis and is constructive for the country.

"This position of ours"--he stresses--"is based on the assessment that the government's accession option is disadvantageous to the Greek economy. And at the same time that this accession does not create the preconditions for the most rapid and effective development of the various branches of production or for a developmental strategy of self-reliance."

Economic Impasse

"In our opinion, only with the realization of the above objectives is it possible for us to participate in the world's economic system under favorable terms, and not--as is the case today--as poor relatives. It should be stressed once again that this strategy of PASOK does not aim at the isolation of Greece from Europe, as the slander against us by the rightist administration has it, but at the safeguarding of our country's resources in connection with the pace and direction of our economic and social development."

The president of PASOK is equally categorical when he refers to the medium-term economic effects of our accession. And he believes that given the specific terms which are being worked out, in view of the unpropitious developments of our already "weakened economy," and under the present conditions of unpreparedness of the State's machinery, our entry into the EEC and the tough competition which this entails will lead the country into an economic impasse.

"In addition to the restrictions based on this accession which will ensue," he says emphatically, "our economy will face within our own country the tough competition not only of the Community but also of those third countries which have preferential-status agreements with the EEC and which are more competitive than we are in many products. Thus we are being led inevitably to the undermining of fundamental branches of the economy.

"The negative consequences of this accession will be aggravated even more as a result of high inflation and the decline in investments, which

together with the inconstant and mutually invalidating measures of the government have worsened significantly the competitive position of our economy. Thus, the Greek economy is surrendering, in a weakened and unprepared state, to the tough competition of the EEC and the countries which are associated with the Community through preferential-status agreements, which will undoubtedly result in our being led either to the loss of national identity of entire branches of our economy or to a dangerous increase in bankruptcies--mainly of small and medium-sized businesses--and in unemployment. The cases of acquisitions of Greek businesses by foreigners, of bankruptcies, and of losses of jobs have begun already to be appreciable in our country.

"Under these conditions, our accession will make worse the deficit in transactions on current account of our balance of payments. Already, the continuing and rapid widening of this deficit is leading the economy of the country into an impasse. This means also that within the framework of the machinery of the EEC, the well-known and standard drastic measures will be imposed on us to deal with the impasses to which the government of the Right has led the Greek economy--measures which unquestionably will hurt the Greek farmers and workers. The repercussions of those harsh and anti-working-class measures of the government which are in line with the Community's specifications have already begun to be appreciable."

Today there are a considerable number of people who believe that the consequences arising from this accession would have been more positive for the country if the government had succeeded more in its negotiational effort. We straightforwardly asked for the opinion of the leader of the official opposition on this question, and the discussion essentially developed into a criticism of the negotiations and their results.

Question: Apart from your position vis-a-vis the option of accession, what would you have to say on the negotiations per se--and about their results?

Policy of Retreats

Answer: The negotiational policy of the government--says Andreas Papandreou--was to effect accession as rapidly as possible and at any sacrifice. Thus, it avoided "spoiling" the atmosphere of the negotiations by demanding the systematic and equitable implementation of the Agreement of Association, thus abandoning vested rights. The policy of backing down practiced by the Greek government, and the inexcusable acceptance of the position of "the accession is one thing and the association another" which was a convenient one for the EEC, was a primary factor in strengthening the position of the Community in the subsequent discussions on this accession.

Thus the Community enjoyed a negotiational superiority since whereas the premier himself revealed--"whereas it proposed short transition periods in sectors where it has an advantage, on the other hand it proposed transition periods which are economically and politically unacceptable for those agricultural products in which Greece has had a particularly extensive involvement."

This situation did not change substantially following the well-known involvement of the premier in the talks with the governments of the EEC countries. Because the decrease in the transition period from 8 to 7 and to 5 years for primarily exportable products, when in fact the initial negotiational position of the government was for no transition period, cannot be considered to be a negotiational success. It should be noted also that in the case of the accession of Great Britain, Denmark, and Ireland, the transition period gave more protection to the interests of the joining countries, while in the case of Greece, on the contrary, it is functioning to our detriment.

Question: Nevertheless, the government is counting a lot on the unconditional grants and other credits from the Community funds. Do you not believe that this inflow of financial resources from the EEC will benefit the Greek economy?

Answer: PASOK believes that the amount of financial resources flowing in from the EEC cannot be calculated. And this is because developments in the Community on the one hand, and in the Greek economy on the other, are confounding daily even the most pessimistic assessments concerning the net receipts of Greece from the various Community funds and crediting organizations.

It is known that the Community is trying to reduce expenditures in the agricultural sector, which is of special interest to Greece, and to transfer them to other sectors (for example, the regional and social fund), where there will be more applicants for grants than is the case for the agricultural fund. At the same time, the steep increase in Greek imports is raising the sum which represents the Greek contributions to the Community's budget. There is also the firm aspiration of many member countries of the EEC to establish a balance between grants and contributions of each member country to the Community's budget. Finally, the economic crisis is limiting even more the financial resources of the Community, while at the same time the needs of the various member states for aid is increasing.

Under these conditions, the policy of [illegible]rnment on basing the development of our economy on uncertai[illegible] an[illegible]pations of receiving unconditional grants is naive at the very least.

But even if Greece receives from the Community more than what it will contribute, it is misleading to argue that the free grants can compensate

for the negative consequences to the Greek economy from our accession to the EEC.

Increase in Unemployment

Question: Could you designate specific sectors of the Greek economy which in your opinion will suffer notably the consequences of this accession? On the other hand, who do you believe would be able to benefit, and under what assumptions?

Answer: As we said, our accession will mean a clear worsening of the competitive position of the Greek economy, and especially of our industry, in relation to our associational status. And this is because with the associational status we were able to be protected on the Greek market from products which are imported from third countries--that is, countries which are not members of the EEC. We cannot have this security within the framework of the accession, inasmuch as Greece must implement a number of EEC preferential-status agreements with third countries.

Competition from these countries, with low labor costs (such as Maghreb Brazil, South Korea, Singapore, India, and so forth), has reduced significantly the production of traditional products such as textiles, clothing and footwear, and so forth, and it is contributing to the increase in bankruptcies and unemployment in the EEC. For example, we mention that the production of textile products in the EEC countries decreased by 22 percent between 1972 and 1977, while the number of bankruptcies exceeded 3,500 and the number of people dismissed from their jobs exceeded 600,000 by the end of 1977.

Governmental Indifference

Thus, on the basis of the (Davinion) plan and the EKAKh [European Coal and Steel Community] treaty, the EEC has been forced to implement measures to limit its own production and distribution among the various member countries in the steelmaking and shipbuilding industry, and recently in the branch of textile making as well.

If Greece implements these measures in such sensitive sectors in its own industrial system, it becomes self-evident what is going to happen even in those areas where one could hope that Greece has some degree of competitiveness in relation to the EEC.

As for the government's argument that we are coming into a large market with a population of 260 million people and that we thus have opportunities for increasing our exports, we have to comment that on the basis of the Agreement of Association, a complete dismantling of customs duties for Greek exports of industrial products to the EEC has been going on

for some time now. This means that there is already an access to this market, and consequently it should not be expected that the present situation of our exports will be improved substantially by our accession.

As for agriculture--continues the president of PASOK--our accession cannot have dissimilar repercussions. The policy of holding down prices and expenditures for the agricultural products of the EEC will have serious negative consequences on the agricultural sector of our economy. It should be noted that for 1980-1981, the Community has decided to increase prices for agricultural products by only 2.5 percent. It is already clearly evident that the criterion of the Ministry of Agriculture will be to make Greek production complementary to the given conditions of the Community's production, in such a way that the Community's interests are not adversely affected. At the same time, our policy on prices is already being accommodated to the Community's policy, with the result that the income of farmers is being depressed.

Thus we are being led to the creation of agricultural capitalism--that is, to the concentration and reorganizing of farms into large agricultural businesses with an intensive employment of mechanical equipment--which will be to the detriment of the small-scale agricultural units. Under our present business conditions, this policy will aggravate the problem of unemployment even more.

Our accession will also create an extremely dangerous state of affairs, such as what will arise from the complete decontrolling of the establishment of foreign businesses in Greece and the movement of capital. More specifically, the multinational enterprises, having the financial and political weight of their parent companies behind them, will be essentially beyond competition for the domestic outfits, which will be forced to go out of business or be absorbed by the former. Even the profitable domestic businesses may be attracted by offers to buy them out by the multinational enterprises. The precedent of the acquisition of the industries Pitsos and Elaiis, as well as the insurance company Proodos, which occurred with the absolute indifference of the government, should cause us a great deal of concern.

Question: We would like to dwell briefly on the practical questions which have to do with our country's accession to the Community. To what extent do you believe our economy is ready, how well organized is our administrative apparatus for dealing with the new conditions which this accession imposes? And furthermore, in your opinion how ready--and informed--are Greek businessmen, farmers, merchants, workers, and consumers for entering into the Community sector?

Answer: The government has tried to orient public opinion one-sidedly on the issue of the accession. The crowing of the New Democracy Party administration about our accession, its effort to present it as the godsend which will solve all our economic problems, and the provocative

and one-sided information given by the mass news media not only have deprived the Greek people and especially the Greek farmers and laborers of the chance to be correctly and objectively informed on the matter of our accession, but also have impeded the timely preparing of the Greek economy and administrative apparatus for dealing with the problems which will arise from this accession.

And furthermore, the preservation of a New Democracy Party mechanism within the public administration--a mechanism which is having a ruinous effect on hirings, on promotions, and in other respects as well--is impeding the adjustment of the administrative apparatus to the new conditions and requirements which are created by the accession of Greece to the EEC. In essence the administration is not prepared for the task of keeping tabs on developments in the EEC and conducting the tough and ongoing negotiations which will be necessary even after the entry of Greece into the EEC.

It is well known what the views of Andreas Papandreou are on the many-sided and useful role which Greece can play at the Mediterranean crossroads where it finds itself. Also well-known are his initiatives for a closer economic and political cooperation between the peoples of the Mediterranean and the Arab world--initiatives which he sees as better serving our national interests. Again, the expansion of the EEC towards the south and the development of relations which it is undertaking at the same time with the Mediterranean peoples and the Arab world gives the impression that in the expanded Community there will be a strengthening of the potentialities of the Mediterranean members, which can function as a bridge between Europe and the Arab world. And furthermore, notable Community figures believe that the participation of three new Mediterranean countries in the European Community can change its present features to the benefit of the poorer partners. We asked Andreas Papandreou to tell us how close the Mediterranean policy of the Community comes to his own Mediterranean visions.

Question: The vice president of the committee of the EEC, Italian committeeman L. Natali, has stated that the Greek accession--as well as the impending accessions of Spain and Portugal--strengthen the Mediterranean role of the Community and also the weight of the Mediterranean south vis-a-vis the Community's north. In your opinion, how much--and under what conditions--would the Mediterranean countries of the Community be able to change the trend of the Community's political and economic vested interests?

Poor and Rich

Answer: It is known--says the president of PASOK--that the functioning of the EEC has not reduced the tremendous inequalities, above all in

agricultural income, either among the various regions of a member country or among the various member countries of the EEC. The differences between the poorest and richest region fluctuate between 1 to 4.4 in Italy and 1 to 4.6 in France, while the richest area of Italy has a per-capita income smaller than that of the poorest area of the Netherlands. At the same time, the northern member countries of the EEC have benefited more from the Common Agricultural Policy, and within the borders of these countries the large farming operations and consequently the large agricultural incomes have benefited most.

Thus the corrective mechanisms of the EEC have not been able to decrease either the regional inequalities within a state, or the corresponding differences between the various member states of the EEC. More specifically, these inequalities have widened between the Community's north and south, to the detriment of the Mediterranean member countries of the EEC.

It is uncertain at the least to what degree the Community's mechanisms can change and the financial resources of the Community can be strengthened, in such a way that this unacceptable situation for the Mediterranean countries of the EEC will change radically. As we said, the various countries of the EEC do not want to have their vested rights adversely affected, and they are impeding the implementation of solutions in this direction. At the same time, many member countries of the EEC are pressing for the implementation of the policy of "equitable restitution"--that is, they are refusing to pay into the Community budget more than what they collect from it. Also, the economic crisis is multiplying the number of "problematic" areas in the Community--that is, areas which are suffering from business bankruptcies and large unemployment--the result being that applications for Community aid are increasing, not only from the countries of the Community's south but also from the Community's north.

The accession of Greece, Spain, and Portugal will create even greater problems and needs for financing, but without there being today the requisite conditions and capacities for effectively dealing with them. Finally, neither Greece nor the above countries which are applying for accession are able, from the nature of things, to influence decisively the developments in the EEC sphere. There exists a decision-making center which consists of the economically powerful and which makes the decisions. Compared with this center, Greece, Spain, and Portugal, along with Italy, will constitute the poor relatives of the Community, and it will not be possible for their opinions to carry much weight on the substantive issues.

Question: We are reminded of your old idea about the Mediterranean community, and we are wondering: How could it be realized--what are its chances--following Greece's accession to the EEC and the impending accessions of Spain and Portugal?

Answer: Regardless of the entry of our country into the EEC, the need to strengthen political and economic cooperation with the Mediterranean--and especially the Arab--countries is becoming more and more essential every day. For an economy like the Greek one, the broadening of its economic and political relations with these countries constitutes a prerequisite for its development. The swollen deficits in the Greek balance of payments and the country's large energy needs necessitate the creation of lasting conditions for stable commercial exchanges and cooperation on an equal basis with the countries of the Arab world, especially in the industrial and agricultural sectors. PASOK will seek the implementation of this policy in every way possible.

To this end, PASOK will continue its efforts toward rapprochement with the countries of the Arab world, and the trips to Iraq and Algeria which we have scheduled fall within this framework.

As categorical as he is in his view that accession is not in the interests of the Greek economy, Andreas Papandreou just as emphatically refuses to agree with the government's optimism according to which this accession will serve the national interests, since it places Greece as "a partner on an equal basis" within the political drawing-room of the Nine. The president of PASOK believes that our accession to the EEC "increases the possibilities of pressures being exerted to resolve the problems with Turkey, at all times within the framework of NATO's own interests." We asked the president of PASOK to comment on the Greek-Turkish relations, in light of Greek participation in the political cooperative effort of the EEC.

Question: How do you respond to the possibility of Turkey submitting an application for accession to the EEC? What repercussions would this have, in your opinion, on Greek foreign policy, as it will take shape with our entry into the EEC?

Answer: The government of the Right--says Andreas Papandreou--has tried desperately to create the impression that this accession will lead to the solution of all the problems of our country, economic, political, and national. Specifically, the government's position was and is that by joining such an independent unity as this united Europe, lying between the two large political-military blocs, the international position of Greece is strengthened, especially with respect to our relations with Turkey.

PASOK believes that the economic-political forces which guide the EEC are influenced decisively by powerful extra-European elements, and specifically by the North Atlantic Treaty interests. It is characteristic that the direct and indirect pressures on Greece from the EEC and NATO for the settlement of its unresolved issues with NATO and

more especially its relations with Turkey have not been absent either during the various phases of the negotiations or afterwards.

Under these conditions and given the recent developments in the areas of the Persian Gulf and Asia, NATO considers it even more imperative to resolve all the problems on its southern-Atlantic flank, and especially the political, defensive, and economic strengthening of Turkey as well as the reentry of Greece into its military arm.

Concessions to Turkey

Also falling within the framework of these processes are the efforts of the EEC member countries to incorporate Turkey into the mechanisms of the Community's political cooperative effort, regardless of whether or not Turkey submits--as it has announced in advance it will do--an application for accession to the EEC. The EEC has decided already to enter into deliberations with Turkey whenever issues arise which concern that country, while the Turkish side has asked that its views be listened to and seriously considered by the EEC.

This attitude of the Community shows very clearly that even following the entry of Greece, the EEC is not disposed to disturb its relations with Turkey. On the contrary, the accession of Greece to the EEC is happening together with significant concessions by the Community towards Turkey. And this is because it is not possible for the members of the Community to keep clearly separate their economic interests from the political-military orientation which the North Atlantic Treaty has defined. Thus the accession of Greece to the EEC does not safeguard our national interests, as the government maintains, but on the contrary increases the possibilities for the exerting of pressures to resolve our problems with Turkey, within the framework at all times of the interests of NATO.

PASOK, as its president stresses to us, is opposed to the EEC option for the reason that it does not believe it to be nationally advantageous from either the economic or the political viewpoint. PASOK renders as "slander" the government's insinuations about an "anti-European policy" and "isolationism." But how is it organizing its activity in the new Community environment which the country is entering? This is an issue which interests many people--both in Athens and in Brussels--and especially those who "see" that the party of the official opposition stands at the threshold of power, while the country is stepping over the threshold of the EEC. We asked Andreas Papandreou about this.

Question: You have made it clear that PASOK will participate in the Community's institutions. How do you view the role of your movement within the framework of the Community?

Answer: PASOK has stated repeatedly that when it comes into power it will ask the Greek people to express freely their decision on this critical option of accession in a referendum, following a thorough explaining of this choice. The irreproachable popular verdict on this issue is absolutely necessary, and we state that we are prepared to accept our responsibilities vis-a-vis the people, under whatever conditions might develop from the outcome of this verdict.

Also based on this position of ours is the decision made by PASOK to participate in the Community's institutions. For PASOK, the party of socialism, whose crucial objective is to help in the realization of the economic and social visions of our people, its participation in the Community's institutions means a struggle to protect the political, defensive, and economic interests of the country. To this end, our movement has begun already to make arrangements for cooperative efforts with kindred European parties and especially with the Socialist Group of the European Parliament.

The Socialist Group

The leadership of this Socialist Group visited us last month, while a five-member delegation from PASOK took part in the proceedings of the last regular meeting of the Socialist Group which was held in Luxembourg at the beginning of last month.

It should be stressed here that the cooperation of PASOK with the Socialist Group of the European Parliament, which has no relation to the Socialist International, does not imply an alignment of our movement's positions on the various Community issues with the decisions of the majority of the Socialist Group, or even a change in PASOK's anti-accession position.

For example, I might mention that the anti-Community wing of the English Labor Party is a member of the Socialist Group of the European Parliament. Every party which participates in this group is free to vote in the European Parliament on the basis of its own positions. It is under these conditions that PASOK will wage its battles for the protection of Greek interests and the realization of the vision of the Greek people concerning the great change.

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PASOK BASIC POLICIES REMAIN UNCHANGEABLE

Athens EXORMISI in Greek 6 Apr 80 p 4

[Article by Andonis Stratis]

[Text] The statements of Andreas Papandreou, president of PASOK [Panhellenic Socialist Movement], in connection with the contacts and talks with Willy Brandt and other officers of the German Social Democratic Party have given rise to a number of commentaries, fair or unfair, critical or approving. The KKE (in RIZOSPASTIS, 4 January 1980), wanting to show inconsistency on the part of PASOK, cited passages from statements made by Andreas Papandreou years ago, and it concluded with the refrain: "What is it then which has changed within these few years?" The KKE-Interior (in AVGI, by Tsouparopoulos, 4 January 1980) managed to see an alignment of the PASOK positions with its own ("As for us communists of renovation, we want only to express our satisfaction with the embracing by the party of the official opposition of the principles of our own policy..."). The KODISO [Party of Democratic Socialism], venting the repressions of the anguish of isolation, got drawn into a tirade. As for the pro-administration press, another factor was added to the causes of its panic resulting from the abrupt ascent of PASOK.

Personally, I believe that in fact many things have changed from the founding of PASOK to the present, and only that which has to do with its settled and unwavering objectives has not changed. And this is true because of the necessity for a young movement to set boundaries in every direction in its first steps--something which entails a severe criticism. Because surely the adapting of the tactics of a movement to a ceaselessly changing reality does not constitute either a change in direction or a change in its positions.

Those who raise the question of what has changed since 1975 or 1976 have forgotten, or have pretended to forget, this basic principle. All the more since within recent years events of historic significance have taken place which have determined a new course for humanity. Such an event is the great Iranian revolution, which upset the power balances in that area, with ramifications on a worldwide scale. Another is the

general retreat of imperialism, which has manifested itself by defeats in a number of countries. Another is the worsening of the world economic crisis of capitalism. And there are the recent events in Afghanistan.

As a result of all these events, we find ourselves today faced with an inconceivable escalation of the arms race which, in conjunction with the increasing belligerence of American imperialism, has brought mankind to the brink of a worldwide conflict, which is manifested by the moves being made to establish positions for future attack or defense. The year 1980 is no longer 1979, much less 1975.

Given these new conditions, every true democratic and progressive body, whose foremost and highest duty is to help to secure world peace, ought to seek out supporters and to encourage every force which--directly or indirectly, timidly or boldly--fights against this deadly downward course. PASOK, I believe, is obligated to follow this path, fulfilling in this way its internationalist duty and providing at the same time an important national service. Andreas Papandreou, in speaking on this subject at the session of the Chamber of Deputies on 11 January 1980, said: "It is our duty, it is the duty of every Greek, every party, every organization in our homeland, to fight for the survival of humanity in coordination with other countries, with other peoples, with other institutions."

It is not of course a question of our being apologists for German Social Democracy, from which we are separated by fundamental differences. Nor are we going to establish this elsewhere, outside of where we had always positioned it in our policy. We are simply trying to find openings within the entire complex of forces which it represents and to encourage those leanings or those forces which do not align themselves with the cold-war or hot-war preachings of the United States. At this moment, the German social-democratic government (and much more as a party organization) is not in line with the insupportable pressures of Washington for an escalation of the crisis. As a party mechanism--and this is true also of the English Labor Party--it permits within its ranks the existence and the public expression of leanings which do not identify themselves with its policy as an administration. This is their own business, and it does not concern PASOK. Nevertheless, we ought to realize that thanks either to the resultant sum of inner-party pressures or to the oppositions and contradictions within capitalism, there is today a deviation from the Washington line. This has manifested itself not only in the economic sector (rejection of a common monetary policy) but above all in their refusal to obey Carter's directions on an escalation of the tension against the Soviet Union. Perhaps also of significance is the feeling that, following the capitulation to the pressures of the United States for the establishment of the "cruise" and "Pershing" missiles, the European populations have been turned into prospective corpses from a nuclear holocaust, whereas the American territories are left essentially unscathed by fire. This realization cannot help but constitute another factor in the search for peaceful solutions and for

a reduction of tension, which has reached the verge of a paroxysm, following the Afghanistan events.

At the same time, we have the disquieting phenomenon--especially within West Germany--of the reappearance of a dangerous extreme Right. Mr Strauss has picked up speed and appears more threatening every day. Everyone can imagine the dangers which are building up. For this reason, and very correctly, Andreas Papandreou said in his above statements: "I believe that it is our duty to help in this battle which is taking place against an extremely relentless Right, because its outcome will decide ultimately also our own presence on the European scene."

PASOK Is Unwavering

The search for and encouraging of any leanings whatsoever toward a divergence from the cold-war plunge in no way invalidates the severe criticism we have against the German government, and especially our diametrical opposition to its financial aid to Turkey, which we ourselves interpret as support for Turkish expansionism.

PASOK remains unwavering in its position outside every bloc of forces. And it is firmly oriented towards the non-aligned countries. Without being identified with any sociopolitical system, it pursues an overt non-aligned policy in all directions, toward the East and West, the North and South, seeking supporters everywhere and encouraging every force or tendency which contributes to the foremost duty of today's times, which is to secure peace and restore detente. This is what it is now doing, and it will do the same in the future as a government.

I fear that those who insist on seeing a change in our political line have not paid as much attention as they should have to the statements of Andreas Papandreou, who said relative to the German Social Democratic Party: "PASOK is not grounded on misconceptions about either what the goals and aspirations of those people are, or what it is we desire, what we aspire to, and what we ourselves envision." And then he said: "...In every country, the political structure has its own character, and in any case one should locate those forces which, if they are not absolutely on his side, at least have some points in common on a number of problems which humanity faces."

I believe that this is the correct interpretation of PASOK's relations with German Social Democracy. The things being said concerning an ostensible change in direction of the policy of PASOK are diabolical slander.

12114
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COMBINED LAND TRANSPORTATION SYSTEM PROPOSED

Athens BUSINESS & FINANCE in English 19 Apr 80 pp 9-15

[Text]

The countries of North Africa, Middle East, the Balkan area, and Western Europe are energetically developing their trade relations and mutual industrial potential. This rapid expansion requires a corresponding development in their transport systems which will provide the most efficient means of carrying goods over and between their countries. The success of this system depends on the cooperation between planners and administrators of various nations,. on a massive investment of funds, and on the availability of the most modern technology, equipment and services.

The developing commercial environment plus the fact that Greece's forthcoming admission to the EC will result in an increase in the volume of goods transported through Greece makes an examination of the problems and prospects of Greek transport more than necessary. Below, we shall look into some basic aspects of Greek overland transport, discuss the main problems of road and rail transport and present analytically the advantages and disadvantages of combined transport, making special reference to the promising "PIGGY - BACK" transport system as well as to the problems of containers' road transport.

Greece has to try and take advantage of its last remaining weapon which can be used in the forthcoming international trade war: geographical position.

OVERLAND TRANSPORT

Greece's geographical position provides the international transporter with a significant advantage. It becomes easily conceivable that Greece can operate as a transportation centre connected with Europe, East Mediterranean and Africa and minimizing long distances. The Greek economy would very well benefit from the economic and foreign exchange viewpoints. The volume of internationally transported products becomes continuously larger and, therefore, a continuously increasing volume can be taken towards this direction. Modern highways allowing multiple car circulation for purposes of merchandise transportation, creation of containers' would help develop a healthy response to the expected ever increasing volume of goods for transportation. Greece's geographical position can certainly contribute in economically connecting Europe with the Middle East and the African and Asian countries. This opportunity could also be given to the ports of Patras, Kalamata, etc.

International lorry transport faces problems arising from the different situations prevailing in each country and the different procedures required. Transport can be differentiated as rail and air transport. The effort for lifting the obstacles to international lorry transport should be combined with the two above points which will minimize the dependence of transportation on road networks. The current international conjuncture is presented to be very advantageous for Greece. There are, really, all the capabilities so that Greece could become a centre of regional economic and political development. One would not exaggerate, however, by saying that such a goal cannot be attained without solving correctly all the transportation problems related to Greece.

Transport must not only be considered as a significant economic activity but as a backround supporting external economies of scale in various productive activities as well. At the same time, transportation activities behave as an income multiplier, in order to maximize economic benefits. Transports should grow in magnitude and become more efficient and effective so that transportation of merchandise incurs reduced costs and competitiveness is increased.

Transport through Greece faces, of course, some problems which have to be settled on a rational basis for the promotion of economic development. We will refer to those problems in another column.

NORTH - SOUTH COMMERCE

It is to be expected that in 1980 there will be trade activity between the North and the South of approximately 48 billion dollars value. If 40 percent of this trade was to pass through our country, Greece would be involved in commercial transportation of 20 billion dollars approximate worth. It follows that such a development would have multiple and significant benefits.

There are plans for facilitating and coordinating transports through the European transport network which have taken the form of creating an inter European highway between North and South areas. Greece has a significantrole in these procedures. This highway will be a system of roads connecting Gdasji of Poland with the South and South-East areas of Europe and the Middle East. It will pass through Central Europe and then break into two branches which will terminate in Greece and Turkey.

ORGANIZING THE GREEK RAILS

It is well known that the Greek rails are not in a very pleasant position from the viewpoints of network and rational organization. The State has to face the needs of the rail network on a realistic basis so that this will not belong any more to the 19th century. We can say,

for instance that while railways need a week for a Central Europe-Greek border t.p. they may spend four times as much time for the borders Athens or Piraeus trip. The responsibility does not only lie on the administration of the Greek rails but on the supervising authorities as well. The competitiveness of the railways is much more reduced by the whole system of the Greek rails' supply services. There are not enough commercial stations to accept merchandise, there is lack of service cars, etc. These problems create an endogenous weakness to the Greek rails in competing with other means of transport like lorry trucks, containers, etc.,which can supply "door-to-door" service. There has to be some incentive given to those who transport large volumes of products by trains, the most obvious incentive being the lowering of the cost of rail transport. This becomes essential at a time when TIR lorries meet difficulties in passing through Austria and Yugoslavia. The Ministry of Coordination has certainly declared that Greek industrial products can be transported by train. It has, however, to make this declaration more of a reality.

An existing prospect for expansion is a combination of sea-rail connection between Europe and Middle East which can be a connection between Volos and Lattakia. OSE has already developed a project of 4km railways reaching Volos' port so that products carried by train can reach the port more easily

COMBINED TRANSPORTS

The satisfaction of the needs for transportation of a large volume of merchandise in long distances together with an effect for increasing transport safety and reducing time and transportation costs are the goals of the combined transports. Consequently the selection for safe, fast and economical transportation has to take place for the more effective combination of transportation means and not just for the most suitable means of transport.

A basic characteristic of the system of combined transportation is that a "unified cargo" is loaded and not each product separately. All the systems of combined transportation require initially a high enough level of investment, i.e. they are capital intensive systems. They do not require, therefore, much labour, at least, as far as the classical transportation methods are concerned. Those special problems presented by the systems of combined transportation presuppose the existence of a significant volume of products to-be-transported on a preferably small number of railways which do not suffer from high seasonal demand and on a basis of "return service".

In the Balkan countries, these systems are still in an underdeveloped stage. It has, however, been estimated that there is a significant variation among these countries as far as the degree of development of those systems is concerned. This is due to the special needs or capabilities valid in each country. The sector of administrative organization present particularly characteristic variations because some Balkan countries have achieved a very significant progress.

The combined transport is going to play a major role for the promotion of European and Greek cargoes towards Syria and the other M. East countries. A background of organization and certain basic economic activities has to be created because the volume of European cargoes is expected to be large. Car ferries and railwagons have to succeed in transporting products to the oil exporting countries of the Middle East at a reduced time. The preliminary work should not only be of technical form but of organizatory and economical as well. For instance, cargoes should be possible to leave Europe and reach their final destination by means of a unique bill of lading and the customs procedures should be simplified. The Organization of Greek Rails (OSE) could organize in an efficient way the movement of European rails via Greece and towards

Middle East. This development will naturally result in benefits for our country and for OSE. Analytical studies show that the total volume of European cargoes to be transported in Middle East may reach 2 - 3 millions of tons. If, in the first stage, approximately one tenth of this amount was to be a clear benefit (300 - 350,000 tons) OSE would have additional revenues of about 1 billion drachmas in only one year. This could not only balance the deficits of the Organization but, in the long-run,could be proved a worthy means of importing foreign exchange given that the quantity of cargoes transported is also enormous. Transportation via Greece is cheaper than any other, from the viewpoints of transportation costs and time. The time needed for transportation up to the Persian Gulf is approximately 8 to 12 days while it needs 20 to 30 days or more via Turkey. Transportation costs are significantly reduced because 1600 km through Turkey can be avoided. Statistics show that cargoes to be transported from Europe to Middle East are continuously increasing because the needs of the developing oil-producing Middle East countries and North Eastern African countries are very big. In this region there are approximately 170 million people and, in some areas, per capita income reaches 15,000 dollars.

Creating ways for the promotion of European and Greek foreign trade towards Middle East brings large exchange benefits to our country but also helps in establishing a safety valve for our exports when some difficulties of promoting them to the E E Countries were to appear. There would be no problem of exporting to the EC because, as we said, the Middle East countries have big capabilities of importing any kind of consumer and capital goods.

THE PIGGY-BACK SYSTEM

Exports of Greek products in the European countries are lately presenting a continuous rise. The Greek Centre of Productivity (CEPE) expects that this rise will continue in the next years.

For simplicity reasons we classify Greek exported products in two categories: a) Fruits and garden products b) the rest of the products (clothing industrial articles, chemicals, fuels, oil, tobacco etc.).

Table 1 below shows that the ship is the main transportation means for all products (about 90% participation), while fruits and garden products are mainly transported overland (70-80% participation).

We have to note, however, that lorry-trucks have been increasingly preferred to railways for the transportation of fruits and garden products. The main reasons are, the "door-to-door" transport capability of the lorries transport to Europe: Through Italy (A), through Yugoslavia (B) and through Bulgaria and Rumania (C). Table 2, given us the distribution according to transportation means and ways followed by the exported fruits and garden products. It is obvious that way B is emphasized for overland exports. Table 3 shows the costs of overland transport for fruits and garden products. Railways are up to 85% more expensive than the lorry trucks. However, route B presents problems for the Greek lorry trucks. The insufficient Yugoslavian road network and the inadequate number of passing licenses provided by the country makes export promotion somehow problematic.

TABLE 1: Percentages of commodities exported by various transportation means

YEAR	1973		1974		1975		1976	
Commodities	1–11	1	1–11	1	1–11	1	1–11	1
Transport means								
Lorry - trucks	2.1	19.5	3.3	26.7	3.9	30.8	5.6	46.4
Railway	4.1	57.7	4.8	45.7	5.1	51.4	3.3	35.0
Ships	92.5	22.6	90.8	27.6	89.4	17.7	88.6	18.4
Air-plane	1.3	0.2	1.1	–	1.6	0.1	2.5	0.2

TABLE 2: Transport means and route of exporting fruits and garden products (thousands of tons)

Means/Route		Year							
		1973		1974		1975		1976	
		tons	%	tons	%	tons	%	tons	%
Road transp.	A	17.9	5.9	0.9	0.3	2.5	0.4	13.2	2.2
	B	40.6	13.3	110.2	26.4	189.4	30.0	261.0	43.1
	C	1.0	0.3	–	–	2.5	0.4	6.9	1.1
Railway	B	150.0	49.6	179.1	42.8	278.8	44.1	169.3	27.9
	C	24.7	8.1	12.1	2.9	46.2	7.3	43.2	7.1
Sea transport		68.6	22.6	115.2	27.6	112.2	17.7	111.8	18.4
Air transport		0.5	02	–	–	0.9	0.1	0.8	0.2

A: via Italy, B: via Yugoslavia, C: via Bulgaria–Rumania

TABLE 3: Compared costs of fruits and garden products' transport* 1977 (drachma/tons)

Commodities	Railway			Lorry-truck	Rail/ truck
	10T wagon	15T wagon	Average		
Citrus fruits	5770	4640	5200	2800	1.86
Peaches, apples, pears (2)	4960	4070	4500	3400	1.33
Grapes (Kavalas)	5100	4240	4700	3400	1.38
Apricots	5910	4940	5400	3600	1.50
Tomatoes (2)	5690	4870	5300	4500	1.18
Vegetables (2)	5950	5080	5500	–	–

* Refers to the route from the production area to Munchen

(2) Transport by means of refrigerators

The prevailing view is that a good alternative could be the establishment of the Piggy-back system. In the case of fruits and garden products combined transport between lorry-trucks and railways is much more flexible. This system becomes easier to handle as far as "corridor " B is concerned. "Route " B suffers from bad road network but has the advantage of faster and cheaper transport in relation to the other routes.

The Piggy-back system has not yet been expanded. The more broadly known systems today are: The Kangarou system (France), Rollende Landstrasse (Germany) and the detachable (or swop) bodies. The Piggy-Back system has some significant advantages. Substituting rail transport for road transport consumes less energy and reduces environmental pollution. Heavy lorries appear less often on the roads and traffic becomes easier. This is especially important for the B road network. It also presents the advantage of faster service between rail terminals. It also makes transport times similar for the different seasons. Car accidents are also reduced and the system becomes independent of special restrictions to the traffic which cannot be avoided in the future. The disadvantages can be the rise in transportation costs compared to the road transport, the required initial capital investment for the supply of special vehicles for reasons of similarity of equipment among countries and confronting various operational matters.

The Piggy-Back system is expected to develop further in the next few years for the following reasons:

1: Limitations in fuel consumption will make combined transport advantageous compared to road transport.
2. Deficits of rail organisations might be reduced.
3. Future limitations in cars circulation will inhibit the use of lorries.
4. Public opinion easily reacts to traffic problems causing accidents and environmental pollution.

The above mentioned help in forming some basic proposals.

1. The capabilities and the requirements of the Piggy-Back system have to be carefully studied. This study should research the transportation needs according to product category and determine the needs of the means of transport and the necessary background.
2. OSE and road transporters should cooperate, forming perhaps a common company. This solution has been adopted in many European countries.
3. The above study would present any necessary legal adjustments required which should be carried out.
4. The Balkan countries should come to an agreement amongst themselves and with the other European countries so that similar vehicle equipment could be used for facilitating customs procedures etc.
5. OSE should undertake the supply of special wagons and create the necessary terminal installations.

there are, therefore, many possibilities of developing the Piggy-Back system among big industrial countries. The European Conference of Ministers of Transport has expressed its views for the development of circulation connections between W. Europe and South-East Europe, Near and Middle East. It seems that the development of Piggy-Back transports from Rotterdam or Munchen up to Greece would be welcome given that the streets are presenting traffic problems. As we saw, however a series of problems have to be solved for the establishment of the necessary background.

PROBLEMS – PROPOSALS

Greek international transports are, to some extent, not subject to control by the Greek authorities. Before the products reach their final destination, they pass through countries having different laws, procedures and interests,

not necessarily identical to ours. Facing, therefore, the problems of Greek international transports, can constitute a basic element for a systematic and agressive exports' diplomacy. One of the difficulties Greece faces in transporting products towards Central Europe is that Austria and Yugoslavia provide Greek TIR trucks with an inadequate number of passing licenses. A combination of rail and road transport could perhaps facilitate transportation of Greek products through Yugoslavia and Austria. Part of Greek exports can, at the same time, be promoted through the Rumanian, Bulgarian and Hungarian road networks. Following, however, this way, presents time problems mainly because many borders have to be crossed.

Many of the problems Greek international transports faces has occasionaly been put forward by different professionals of this area. We shall review below some basic problems currently existing with some proposals accompanying them.

- A special bureau has to be established for facilitating the procedures required for the transportation of merchandise containers through Greece. A plant producing containers has to be established because many containers are currently being imported therefore pushing up costs.

There is lack of storage room customs' areas, thus, making storage and movement of products problematic.

- Thessaloniki has to be commercially connected with Europe by creating additional rails. Moreover, the rail section between Thessaloniki and Scopia has to be electrified.

- The Greek TIR owners consider the undertaking of transport work by foreign trucks returning empty from Middle East to be illegitimate. Those trucks load Greek products in Volos having reduced freight charges and transport them in Europe. This reduces the transport work undertaken by the Greek TIR trucks.

- The system of combined transports (Piggy-Back) has to be carefully studied and established. This system is already successfully applied in European countries.

- The inter-European automobile bigway from Scandinavia to Athens seems to be a very useful step towards facilitating European and Greek transport. This highway can also be connected with European parts, thus, adding more dimensions to the European trade.

THE EEC

The EC committee and the Committee for the Simplification of International Trade Procedures are occupied with the revision of the relevant exchange procedures etc., and these changes are of significant importance for Greece. This is so, because once Greece becomes the tenth member of the EC it will have to face all these procedures' simplifications. The Greek businessmen, transporters and administrators, will have to adopt all the changes in the systems of collecting and classifying available information and the procedures already adopted by the rest EC countries, otherwise they will not be benefited to every extent.

Greece can take advantage of the experiance and the technical capabilities developed during the last decade by national and international organizations for the facilitation of international trade.

THE MOTORWAY FROM GEVGELIJA TO AUSTRIAN BORDER TO BE COMPLETED BY 1990

Reports on the week in progress for the construction of the "Autoput Bratstvo Jedinstro" in Yugoslavia say : The road will be 1365 km in length and will

extend from Gevgelija on the Greek-Yugoslav border to the Austrian border where it will join the Salzburg to Villach motorway, now nearing completion. This high-speed road artery will facilitate international transport from Greece to central Europe and from Europe to the Near and Middle East. The majority of German and Austrian TIR vehicles going to the port of Trieste, now use the Udine to Tarvisio road. Only the minority choose the route through Yugoslavia. Once the new roads are completed however, it is probable that Yugoslavia will get the bulk of TIR traffic from Germany and Austria.

CONTAINERS

It is a decade since the introduction of containers to the international transport system. We can distinguish among the containers advantages, the sharp reduction of waiting time in port, lower loading expenses and consequently reduced freight rates, the unified shipping of goods, better use of manpower and the expeditions shipping of goods between ports.

Although accidents were certainly reduced by the use of containers, insurers are now faced with the new problem of the increased concentration of value, and therefore risk, in each container. Similarly the shippers and carriers are more economically vulnerable. In any event, containers offer greater prospects, particularly at a time of international trade expansion.

OVERLAND TRANSPORT

Every terminal installation for containers' transport, operates based on a certain structure and technological equipment. Its operations influence and are influenced by the area surrounding the terminal installations. Various problems can thus be created. One of the more significant ones is referring to traffic. Traffic around the terminal installations can influence decisively containers' transport through the terminals.

Let us assume that containers come from inland to the port. There can be traffic problems because of this transport. In Greece the road networks have been constructed much before containers' transport was developed and such a transport had not been taken in account. It, therefore, results in "overloading" the road networks in the port area. All the big or small Greek ports have been constructed exactly in front of a city and, therefore, the city road network is usually the one used for container transport where the port happens to be a terminal. The measures to be taken in that direction become more than obvious. The road networks have to be improved, offering more alternative ways to the lorry-truck drivers and the procedures of clearance at the customs and loading-unloading have to be better planned.

COMPUTERS CAN REDUCE CONTAINERS' COSTS

The computer can take care of all procedures required for container transport, supplying, at the same time, the company with necessary information. The more the capacity of the computer is utilized, the lower the costs become. This makes sense for port organizations, importers, exporters, all manner of industry, customs houses, transport companies and agents.

Computers can produce all the documents necessary for incoming and outgoing consignments. A "total system" becomes the answer to all this paperwork; it does as well for privately-owned as for leased containers. This "total system" can efficiently and economically control container transport.

When a container is included in the system, it acquires a code number involving its type, size and owner or leaser. The computer is supplied with the appropriate information so that every day control of container's transport becomes absolutely possible. Information concerning each container is of various types : characteristics of the container itself, loading and unloading information from different terminals etc. The computer can instantly identify

a container's status which, of course, simplifies bureaucracy. This having been done, the time between loadings and unloadings can be used more profitably.

THE NON-UNIFORMITY OF TRAILER-TRUCK LICENCING IN EUROPEAN COUNTRIES

The British paper "International Freighting" reports that many differences exist between EEC member countries with regard to the issuing of operating licences for trailer-trucks.

According to the British National Foster Committee, (NFC) the Dutch are the leaders of road transport. There are 9.200 professional trailer-truck operators, 16% of them are international operators and are backed by the very powerful International Road Transport Organization of Holland (NIWO) which also controls international licences and manages the system of special licences for the EC. The Dutch licences are issued on the basis of the vehicle's transport ability. Moreover, the international licence has to be accompanied by an equivalent local licence which makes international transport not a specially distinguished area of Dutch transport. It is just an additional number representing the 26% of the total tonnage of the country.

In West Germany international transports are covered by 1.000 licences which also permit trips through the country but the regulations are different. Every trailer-truck owner is being supplied with a common licence (limiting his action capabilities to a certain area) and can be an international transporter in case his common licence allows him to reach the borders.

In France, we meet a similar situation but there are not any special international licences. There are three types of licences : a national licence, a regional licence (for trips up to a distance of 100 - 150 km) and a local one for trips not longer than 40 km. If, however, the transporter has concluded an international agreement, he can ignore the limits set by his licence and can reach the borders or the sea.

In an effort to ensure a high standard of professional ability amongst trailer-truck drivers, the British have introduced measures which are producing good results. In the latest tests in Britain, only 33% of those examined were allowed to drive TIR trailer trucks and only 69% to operate within the U.K.

CSO: 4920

POWER PLANT CONSTRUCTION DEFERRED

Athens TO VIMA in Greek 26 Apr 80 p 1

/Text/ The dispute within the government whether or not to install an oil-fueled station of the Public Power Corporation /DEI/ at Lavrion was finally "settled" during the discussion in the Finance Committee where the view of Industry Minister M. Evert prevailed. He had opposed the purchase of this 300-megawatt unit from the Japanese Mitsubisi Co. while Coordination Minister Mitsotakis had supported it.

The Finance Committee decided to defer the signing of the DEI-Mitsubisi agreement and authorized DEI to study further the matter in the light of present-day conditions and within the framework of its investment program and then submit its recommendations to the government.

In making the announcement about the deferment, Mitsotakis said that there was no rift among the ministers but a difference of opinion--something which is very natural. It must be noted that PASOK also had renounced the purchase by DEI of this oil-fueled unit because, besides costing 2.5 billion /sic/ in exchange, the unit itself would consume half a million tons of crude oil (mazut) valued at 100 million dollars annually.

The second disagreement between the coordination and industry ministers (a complete report was published in yesterday's TO VIMA) concerned the subsidizing of fuels for coastline boats and yachts. It was "settled" by the Finance Committee which reached the following "conciliatory" solution:

The present arrangement of selling fuels to the coastline boats will be in force until 31 May. From 1 May until 30 September these boats will buy their fuel at cost without any subsidy. A new arrangement will go into force on 1 October if and when it is decided.

Mitsotakis said that Evert has reservations as concerns the legality of a subsidy policy. For this reason, he added, the question will be referred to the State Legal Council which will study the issue and make the best possible recommendation.

With regard to the yachts (cruiser boats) the Finance Committee approved the sale of fuels at an added cost of 10 percent payable in foreign exchange.

Finally, the Finance Committee approved the purchase of 400,000 tons of Libyan crude oil offered by the Soviet Union at a price higher than that of the Soviet oil. These 400,000 tons will be bought at 35.05 dollars per barrel. This price includes the 30-cent per barrel commission to the Soviet Union.

Mitsotakis said that the purchase of this Libyan oil completes the agreement signed with the Soviet Union whereby the latter was to provide Greece this year with 2 million tons of oil.

7520
CSO:4908

WORKERS INCOME TO BE REDUCED BY SEVEN PERCENT

Athens TO VIMA in Greek 27 Apr 80 p 1

/Text/ It is estimated that the income for workers and pensioners will be reduced by 7 percent this year while 40,000 young men will not be able to find jobs. At the same time, the policy of successive drachma devaluations helps inflation and profit-making on imports through speculative hoarding /of imported goods with the hope that they will be sold at high profit later/ while it promotes the outflow of capital abroad through voucher padding and other ways. (The specualtive hoardings alone are estimated at 500 million dollars in 1979.)

Inflation is also fed by the consumer character in the public expenditures which fundamentally are deficits, as well as by the outflow of the bank credits to nonproductive sectors. It is estimated that this year the public sector will withdraw from the banks 120 billion drachmas at a time when it is anticipated that the deposits will drop.

Finally, it is estimated that tax evasion, which, inspite of the presumed income indicators /tekmiria/ and the government promises, has increased in 1979 and will fluctuate at around 90 billion drachmas.

The above observations and data were given by Democratic Socialism Party Chairman I. Pesmazoglou during a meeting with financial editors. Pesmazoglou pointed out that the deterioration and weakening of the economy is a combination of the large deficit increase in the balance of payments, the continued increase in inflation and the stagnancy the economy undergoes through the unacceptably low level of productive investments. He criticized the government that by covering the already clear symptom of hoarding /inventory increase of imported goods/ it misleads the people. Pesmazoglou proposed, among other things, the following direct measures for stabilizing the economy.

1. A stable foreign exchange parity should be followed (without devaluations of the drachma but, if need be, with small adjustment upvaluations) in order to reverse speculation.

2. The voucher paddings and undervaluations should be strictly controlled.

3. The exports should be organically strengthened.

4. The pricing of the market should be abolished and the anti-monopoly legislation should be enforced systematically.

5. The tax system should basically be reformed by decreasing the tax rates, and by price readjustment of the tax /graduated/ scales and of the untaxable exemptions and limits.

6. The presumed income indicators should be abolished and the tax control reorganized.

7. The nonpermanent appointments should be abolished.

8. The entrepreneurial incentives system should be stabilized and automated.

9. An acceptable mechanism for cost-of-living index readjustment of minimum wages, salaries and pensions should be established and representatives of workers and employees should participate in the administrations of public organizations and banks.

10. New housing loans should be made available.

Finally, Pesmazoglou proposed measures for a medium long-term development policy such as cleansing and developing the public sector, restructuring the public investments and using vital sectors of the state procurements as motives for development.

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OIL REFINERY PRODUCTION STATISTICS REPORTED

Athens TO VIMA in Greek 27 Apr 80 p 3

[Text] Following completion of the 1979 investment program for saving energy, the Aspropyrgos State Refinery has achieved a significant increase in its efficiency and serious decrease in its self-consumption [of oil]. Also, the speedy implementation of the program for the construction of new storage tanks has increased its regulatory role in the domestic oil market.

Following completion of the port installations at Pakhi of Megara in the middle of 1980, the freight charges will be smaller and this will contribute to important foreign exchange savings.

These are some of the achievements of the Aspropyrgos Greek Refineries as were reported during the company's general meeting which took place yesterday in the presence of Ministers of Finance and Industry A. Kanellopoulos and M. Evert, respectively. More analytically, it was reported that:

1. The Energy Saving Project which was initiated a year ago was completed on 23 July 1979 and has increased the refining capacity by 20 percent. The project was completed earlier than the conventional deadlines with results better than the anticipated and guaranteed and at a cost within the budgeted limits. With the completion of the project: 80 to 90,000 tons of mazut valued at 12 to 14 million dollars are saved annually; the refining capacity of the units increased by about 20 percent from 4.5 million tons to 5.5 million tons; since August 1979, when the improved installation of the refinery went into operation, production increased at higher levels with the result that the state was able to regain the cost of the Energy Saving Project within 6 months.

2. The programs for the construction of new storage facilities continued. These facilities which will be constructed in various areas of Greece are as follows:

a. Storage tanks for storing crude oil and having a capacity of 150 [sic] cubic meters were completed.

b. In March 1979 the installation of two storage tanks having a capacity of 200,000 cubic meters was initiated.

c. The preliminary studies, bids, etc., were completed for the construction of tanks for crude oil and by-products. The tanks will have a capacity of 600,000 cubic meters and will be ready in December 1980.

d. The construction of a fuel replenishing station at Kalokhori of Salonica continued. The station will have tanks of 370,000 cubic meters capacity.

3. Arrangements have been completed in 1979 for the construction of port facilities at Pakhi of Megara. The project will be completed at the end of 1980. Tankers having capacities of up to 500 DWT (deadweight tons) will be able to unload crude oil. Thus the state will be able to save 10 to 15 million dollars annually from the difference in freight charges by small and large tankers.

4. Studies have been completed for the construction of an automation station for loading fuel tank trucks. Plans were also completed for various other projects whose construction will begin gradually in 1980.

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STATUS OF CURRENT LEADERS IN PCI POWER STRUGGLE

Rome IL SETTIMANALE in Italian 27 Mar 80 pp 12-15

[Article by Stefano Brusadelli: "The PCI Is a Ladder, and Some Are Going Down"]

[Text] The failure of the historic compromise is causing an earthquake at the top in the PCI. We have listed, name by name, the status of the big wheels in the party. The result is a new map of power for the 1980's.

When Andreotti was in the Chigi palace, they used to stand out in the open; now they keep an embarrassed silence. The PCI no longer knows what to do now that the DC [Christian Democratic Party] congress fell a few yards short of the goal of the historic compromise. There will be no more talk for a while of a government with the DC as the primary party. But going back into the opposition, as a part of the grassroots has been demanding for some time, is a choice that Berlinguer does not have the courage to make. How can you toss overboard the work and sacrifices of 8 years of strategy and planning? Are the middle and lower levels of the party still able to work in the opposition? Maybe not, and now it is better to try to find another solution. It's time to compromise. However, the PCI is turning to strict, formal opposition, and Berlinguer is stepping discreetly aside (it is no accident that he was silent at the Central Committee meeting of last Thursday and Friday). Natta and Napolitano, especially, will lead the second move to approach the government; they have not been so worn down by years of national solidarity. And this time it will not be with the complicity of the DC but with the complicity of the PSI, which favors establishing first a stable executive and then working toward Craxi's takeover through Signorile and Lombardi, whose watchword is "the whole left in the government." Of course, the task is very difficult; under the Andreotti government, the Socialists were always treated coolly and sometimes with contempt by Berlinguer. But the socialist left's apron strings now seem to be the only reliable way for the PSI to get into the government, unless, of course, the new DC secretary is taken hostage by Zac and Andreotti, and provided the change of policy, as regularly happens in this party, brings with it a new balance of power. IL SETTIMANALE has x-rayed the most significant positions to find out who will be leading the PCI in the 1980's. Here,

then, is a list of who is going up and who is going down in the PCI.

Giorgio Amendola: rising. The times are supporting the unorthodox views of the former leader of the party's right wing, the group that upholds the necessity of an agreement between the working masses and the productive bourgeoisie to change capitalism without bringing it down. Last fall, Amendola won three significant victories. Approving the intervention in Afghanistan renewed his popularity at the grassroots. Writing the famous article on union mistakes anticipated the direction that the party would take; it has since decided to take over the union's reins again in order to make opposition effective. The PCI's study of the working class presented on the occasion of the Fiat meeting showed that the Italian worker is collaborationist and concerned especially with wages; the Amendola lines suits them fine, while Lama's policy of conflict does not. These three victories have increased this atypical liberal-communist's cultural prestige but not his political prestige, and he will be out of the party's power plays for a while.

Antonio Bassolino: rising. He is 35 years old and since 1976 the regional secretary for Campania. He is the leader of the PCI's young lions. He got his start from Berlinguer, who entrusted him with the very delicate task of "reclaiming" the Campanian PCI, which had traditionally been controlled by Amendola supporters. Bassolino succeeded in the task with forbidding authority, transforming Campania into a Berlinguer fiefdom. He was rewarded last July, when he was named to the Central Committee, a sensational achievement at his age.

Enrico Berlinguer: moving sharply downwards. He is going through the worst possible experience for a PCI secretary: the loss of personal charisma. Terracini minced no words in taunting him for having made a mess by choosing the wrong people to talk to in the DC and by having the men of the right masquerade as men of the left. Even the group of worker intellectuals (Asor Rosa, Tronti, Cacciari) took the liberty of grumbling against the political line after the setback of 3 June. His secretaryship, begun 8 years ago at the Milan congress, is beginning to wear thin. More than the four consecutive election defeats (from which he emerged in good shape, succeeding in increasing his advantage in the leadership and in the secretaries named by the Central Committee in July), it was the DC congress that knocked him out by leaving him no one to talk to in an attempt to further the historic compromise. The Palasport winners look askance at him, there is no dialogue with the PSI [Italian Socialist Party], and Bettino Craxi cordially dislikes him. (His advisor Franco Rodano depicts Craxi as the true enemy of the working class.) The proof was there after the Berlinguer-Craxi meeting of Friday 7 March concerning the government. It was a cold and fruitless meeting ended with a blunt "no comment" from the PCI secretary.

Paolo Bufalini: moving sharply downwards. He has fallen into political disgrace, and at the July Central Committee meeting he lost his secretaryship without receiving in exchange, as he had hoped, the position of Senate group leader. He is a typical bureaucrat and close to the party's right-wing positions.

He has tirelessly repeated for years that the PCI's participation in the government is an objective to be attained at any price. Berlinguer considers this attitude very dangerous, because it would logically legitimize the PCI's taking part in even an institutional or program government. These are charges that the DC maliciously makes every so often and that would be mortal wounds for the PCI. The incubus of being compromised by a detailed program (impracticable, as are all programs of this kind), thereby giving the DC the chance to show that the PCI would not change anything when it is in the government and would solve no problems, that is actually the greatest risk the party exposed itself to when it adopted the strategy of the historic compromise.

Gerardo Chiaromonte: staying even. He is 56 years old, an engineer from Naples, in charge of social and economic affairs, and is in practice the number two man in the PCI. He is the one who developed a vital way of maintaining internal balance within the party: mediating between the pro-Soviet group, which he himself comes from, and Berlinguer's centrist group, thus insuring that the PCI does not tilt too much to the right with the strategy of historic compromise, which he fervently decries. Even though he has stuck by his guns, he has been able to follow Berlinguer without difficulty: even though the compromise has been shelved, Chiaromonte's support will still be indispensable to a new secretary and a new policy, for he is the custodian of orthodoxy and allegiance to Moscow. He has still not been spared a bitter pill. He had to speak for the PCI at Brescia at the meeting of the Democratic League of Scoppola and Ardigo, which was rejected by the DC congress. And in the future, he will probably be weighed down by the direct line to Andreotti established in the years of national solidarity and scorn always shown for Craxi.

Armando Cossutta: rising. A 56-year old former journalist, he is considered the leader of the PCI's pro-Soviet wing. Last autumn, his responsibility for local autonomous groups enabled him to move to the fore. To counterbalance the abortive Craxi-Berlinguer axis, the PSI left rejected neofrontism and reached an agreement with Consutta (Aniasi took the initiative on the Socialist side) to defend to the last the PCI-PSI red councils and bring down those of the center left (the last case was that of the Calabrian council, overthrown by the leftists on 13 March). As a result, collaboration between the PCI and PSI, at least at the beginning, will take place in local governments under Cosutta's control.

Ferdinando Di Giulio: moving sharply downwards. The Communist deputy group leader is now a man racked by scandal. He has been ruined by the close relationship with Franco Evangelisti in the years of the Andreotti government, when the two had continual, informal discussions dictating the government's policy. ("I speak only with Di Giulio; when I talk to him, I have talked to the whole PCI," Evangelisti was wont to say.) The Andreotti and Zac crisis has thrown the whole Berlinguer group into crisis, but it has actually crushed Di Giulio, who personified the policy of compromise. His position worsened even more on Thursday 13 March when for the first time in the history of the PCI the parliamentary group split on the unitary foreign policy motion.

Pietro Ingrao: falling. The leader of the PCI left lately began to support the strategy of historic compromise and will now have to pay the price. His objective has not been so much an understanding between parties as one between social forces to establish institutions on new bases and make them more democratic. His group has even lost the little clout it had. Bassolino has gone over to Berlinguer, and Achille Occhetto has failed to get into the secretariat. He, himself, spontaneously gave up the presidency of the Chamber to retreat into the study center for government reform and refine a strategy that for the present seems destined to remain theory. At the last Central Committee meeting, he separated himself from the Natta-Napolitano line of alliance with the PSI, a policy that is on its way to becoming the party's official policy. But Ingrao is losing no sleep over being sent to the sidelines; more than a man of power, he is an intellectual.

Luciano Lama: moving sharply downward. The secretary of the CGIL [Italian General Confederation of Labor] is a man worn down by one failure after another: taxes, the University of Rome, the advance of autonomous unionism and the jungle of retribution, Amendola's criticism of RINASCITA and Chiaromonte's of the FIT [Federation of Italian Tobacco-Workers] meeting, which is equivalent to the PCI's losing faith in the union strategy, and finally, the disclosure of the study on workers' attitudes, which belies the image of an anti-management, contentious work force. Lama had based his policy of workers' demands on the workers' holding such attitudes. His leadership of the communist union now seems to have practically dried up, and the name of Sergio Garavini is being heard more and more as his successor.

Giorgio Napolitano: sharp rise. He is 55 years old, Amendola's disciple, and de facto vice secretary of the PCI in Longo's time, whereupon he was beaten badly in the 1972 secretaryship race. For him the right time seems to have come. He, more than Natta, is the candidate most likely to succeed Berlinguer at the helm of the party. In recent years, he has behaved like a perfect aspirant secretary (they called him the PCI's Forlani). No criticism of the party's official position, absolute fidelity to the secretariat, good international contacts (he has even been to the United States, but he has not yet been able to get to see Willy Brandt). He also boasts a sure knowledge of economics and a broad knowledge of the party apparatus (he controls the organizational section, the most important of all). In any case, his winning card will be his privileged relationship with the PSI. It was not by chance that he, along with Cossutta, sent Craxi the first signals of approval for the PCI's returning to the government. In sum, he is the ideal secretary for dialogue between the PCI and PSI.

Alessandro Natta: sharp rise. The PCI's "subtle doctor" seems to be the only one among Berlinguer's men able to save himself from the shipwreck and even decisively to improve his situation. In his favor he has great intellectual prestige (although Terracini has reproved him for always looking like he is out to play grab-ass with everybody). He is a skilled mediator and coordinator in the secretariat. Berlinguer entrusted him with the last attempt to save the historic compromise, reconciling the image of a PCI intransigeant to the opposition with the sending of urgent messages to the DC to hold open the hope of national unity with a three-party DC-PRI [Italian Republican Party]-PSI setup. The subtle doctor also gave the Central Committee on 13 March a report considered to be a veritable masterpiece of

dialectical acrobatics. However things turn out, it is now Natta, more than the worn out Berlinguer, who is the real interpreter of the PCI center.

Giancarlo Pajetta: falling. The crisis of detente and the collapse of Eurocommunism have thrown into crisis the strategy patiently conducted by the former Montecitorio bench-jumper, who is now PCI representative and communist group leader in the European Parliament. It was the strategy of a new model of communist society unattached to the Soviet sphere and left free to develop under the wing of European Eurocommunism. The necessity of making exact choices of terrain have definitely shelved this project, which Pajetta thought naturally suitable to the young African countries.

Ugo Pecchioli: falling. The marching list of party officials is full of ugly facts. The most recent concern police reform (the PCI did not manage to obtain policemen's adherence to the three-party setup) and the flat and policey arguments with which he justified the April 1979 retaliation against the Autonomy groups. Hence the ultraleftist press writes his name with a "k," as they did Cossiga's, when he was minister of Internal Affairs.

Stefano Rodota: falling. He split with the PCI and joined the radicals in the last election to show that even in the PCI there is room for the libertarian element. This 47-year old university law professor has been put on the ropes by the monotony of his arguments and by the latest developments in the debate on terrorism. Since his election to the Chamber he has repeated the same thing at the drop of a hat: to curtail terrorism, repression will not work; the PCI must be in the government. This line took a body blow during the debate on the antiterrorism decree, when even the PCI (albeit for "technical expediency") voted confidence in the Cossiga government, admitting that it went along with the DC when it comes to law and order, and that the alternative policy urged by Rodota actually does not exist.

Aldo Tortorella: moving sharply downward. He is a typical example of the "organic" intellectual (faithful above all to party directives), a former editor of L'UNITA, in charge of the cultural department. He had been given the very delicate task of creating the culture of the historic compromise. It was a failure. He was a voice crying in the wilderness, and what was to have been a great cultural stage produced nothing. It is hard to say whether it was Tortorella's fault or due to the insensitivity of the Italian intelligentsia, but the fact is that Berlinguer's strategy has always lacked consensus among the intellectuals.

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PCI PROPOSAL FOR NEW NATIONAL ENERGY PLAN

Rome RASSEGNA PETROLIFERA in Italian No 1552, Vol 46, 14 Mar 80 pp 221-227

[Text] We print below the proposals by the Italian Communist Party for a new national energy plan, presented to the press on 4 March by Senator Guardo Chiaromonte of the PCI secretariat and Gianfranco Corhini, who is in the party's directorate and is in charge of its industry and energy section.

A) Characteristics of the Energy Crisis

1. The worsening of the energy crisis is creating a state of serious concern among the workers and among the broadest sectors of public opinion. Indeed, it seems clearer all the time that this crisis not only makes continuation of our development and maintenance of the present standards of living and of emplyment uncertain and problematic, but by feeding the growing tensions in the relationship between developed areas and Third World countries, it is now also an imminent threat to the very peace of the world.

The difficulties that the process of detente is encountering, the obstacles in the way of full development of international cooperation, the constantly harsh raging of the trade and foreign-exchange wars and the long-lasting inflationary spiral, even if they do not have their principal and exclusive origin in the energy crisis, are nevertheless phenomena intimately connected with it and continually stoked by its developments.

The danger therefore emerges that in the absence of a far-reaching change in the economic and social orders and in the relationships among peoples, this crisis can further deepen and degenerate to the point of pushing us into a very tight corner.

In warning of this danger and for the purpose of avoiding such an outcome, the Communists reconfirm the absolute necessity of getting a rigorous policy of programming and energy-saving under way now and the urgency of an active commitment by Italy to encourage the resumption, on the European and worldwide scales, of effective international cooperation.

2. An energy policy based on rational use of resources, on saving and on a foreign policy of peace can be realized only by a government that is truly authoritative and politically strong. But not even the formation of such a government would be sufficient in itself if it were not accompanied by the active and sincere commitment of the various political, social and cultural forces in order to give the country full awareness of the seriousness of the situation and thus achieve the consensus necessary for a rigorous policy.

Such a consensus cannot be achieved if things are minimized, or worse, if illusions are spread, as the government has done and as crucial sectors of the DC [Christian Democratic Party], the ruling classes and the culture continue to do.

Rather, it is necessary to make the fact clear that the energy crisis will not be of short duration, and that in order to overcome it, a great production and research effort will be required, an extraordinary political and cultural push and a profound mutation by the broad masses in their way of life, their way of producing and consuming.

3. The energy crisis is, in fact, one of the dramatic manifestations of the present capitalist crisis. It is the product of a fundamental historical process that has already changed, and will change even more, the power relationships on the worldwide level and within each country. At the bottom of this process lies, above all, the refusal of the countries that produce raw materials to continue to endure passively the brutal logic of imperialist pillaging and of unequal exchange; but there is also, and above all, the irresistible drive by the countries of the Third World and the Fourth World and of the poorest popular masses to win equitable distribution of the resources on the world scale. This is a process which, however it is judge (and the Communists judge it positively), appears, in the present state of affairs, irreversible.

The energy crisis is therefore the product of age-old injustices and of an imbalance in the world's development that has now become intolerable in the eyes of billions of people. It is the fruit of an internal contradiction of the industrialized countries and of their development, based upon colossal wastes of resources (energy resources in particular), on growing social and territorial inequalities, on a profound distortion of consumption and on false values--a development that, while it has guaranteed high standards of living for those countries, has condemned and continues to condemn the overwhelming majority of humanity to hunger, misery and backwardness.

Unless one considers going to war, it therefore becomes unavoidable for the more advanced countries to face the problems posed by the rise in the cost of energy resources through decision-making about consumption, and more generally, through a modification of the type of development that they have known in recent years.

4. This approach is made obligatory also by the fact that the availability of low-cost energy has seriously retarded the search for alternative

sources, and in particular, has limited the elaboration and large-scale application of more rational criteria for use of the available sources. Thus, sufficient diversification of sources has not been achieved, and a science of saving and conservation of energy has not been adequately developed, so that now that the crisis has burst, we find ourselves largely unprepared.

This also provides confirmation of the validity of Marxist criticism of the limits of capitalist development and of the particular type of relationship that it has established with nature--a relationship that has been based on waste and indiscriminate exploitation of natural resources (from oil to water to the environment), on waste and pillaging, and that today has reached a point where it seriously endangers the very conditions for survival of humanity.

5. In the energy crisis, therefore, all the elements at the basis of the present capitalist crisis come together, and more generally, all the elements that are at the basis of the crisis of our civilization. The problem of resources, of their scarcity, of their equitable distribution and rational use, the problem of the environment and of man's relationship to nature, the problem of ddevelopment of scientific and technological research, the problem of consumption and the values that guide development, the problem of production and the forms of its organization: these are all aspects of the energy crisis that should be viewed and confronted together. They are huge problems, problems that arouse understandable concern and that can create dismay, especially among the young, but which the Communists contemplate with rational faith in man's capacities for tackling them and solving them.

6. However, the condition for doing so is that a serious and profound change be initiated in the direction of a different organization of society and of the relations among the peoples. To continue along the old roads is certainly possible--but at prices that are increasingly higher and increasingly less acceptable. To continue along the old roads means, in fact, feeding increasingly harsh trade and foreign-exchange wars, swelling the rates of inflation and stimulating a pitiless struggle for the conquest of new markets and for a new international division of labor. Finally, it means pushing the weakest and poorest peoples and classes off to the side and thus increasing tensions destined to jeopardize world peace continually.

The ruling classes of the capitalist countries are moving substantially in this direction and do not appear to be posing either the problem of modification of the structure of consumption or that of a change in their development. From this in particular, today, results the aggravation of the energy crisis, and the greatest dangers to world peace result from it also.

7. If it is desired to save peace and overcome the energy and economic crisis, though, it is necessary to take a different road--in the first place, in the relationship between the developed countries and the underdeveloped ones; in the second place, in the way of life and consumption in the most highly industrialized countries; and finally, in the very organization of society and of production.

Furthermore, a reply to this unavoidable necessity of change is the purpose we Communists have in advancing an "austerity" policy that guarantees a different and better-balanced economic and social policy for the country and more rational use of all the available resources.

This proposal has nothing at all to do with the recurrent reactionary Utopias, of secular or religious mold, that augur a return to a mythical past or to more backward forms of social organization. These Utopias are an expression of extraneous ideologies that are contrary to those of the workers' movement, and our austerity proposal is explicitly opposed to them, inasmuch as it is aimed at guaranteeing not a return to the past but a more rational, better-balanced, more civilized and more just development of the country. In brief, it is a proposal for change, progress and social justice.

B) Energy Policy, New Development and Democracy

1. A policy of change, progress and social justice needs, in order to be carried out, a well-articulated energy strategy capable of permeating all aspects of a modern society such as ours--a strategy, in other words, capable not only of obtaining consensus, but of achieving the active and aware participation of the people, the social and cultural organizations and the local autonomies. The new development for which we fight presupposes, in fact, a society that is more articulated and richer in expression than the present one, a society in which each individual or collectivity has the possibility of expressing itself to the full extent of its potential, a society that regains the relationship with the territory and environment in which one lives and develops, a society whose economy operates in function of the real needs of the people, with rhythms of life that are less oppressive and more respectful of the human factor and that consumes in a more rational and aware manner.

All this presupposes profound changes, even if gradual ones, in the very way of life, of working and consuming, of broad masses, and it is not achieved without their conscious support.

For this reason, it is of decisive importance to make explicit the link between the energy policy that we propose and the new type of development that we call for, and at the same time, it is decisively important to clarify the connection between this energy policy and the new democratic organization of power for which we are fighting.

2. To hope for a new international economic order, for example, is no longer sufficient. It is necessary to say also what energy policy Italy must carry out to contribute to reaching this objective. And it is within this framework that the necessity of reducing the rates of growth of energy demand and oil imports can be understood, in the same way that general support can be found for a foreign policy aimed at stabilizing direct relations with the producing countries, instead of the relations mediated by the multinationals as at present. And more generally, there can be understanding and and support of a battle, at the European Economic Community level in par-

ticular, aimed at guaranteeing free circulation of the new technological knowledge and diffusion of the new scientific discoveries, which are, however, tending today to become the monopoly of those same multinational groups that already control the market in oil, coal and uranium. A new international economic order based on cooperation and a new international division of labor that does not push the weakest countries off to the sidelines presuppose on Italy's part, in the last analysis, an active energy policy, coordinated with the other countries of the European Economic Community, and not, as happens today, a mere falling in line with the decisions of the strongest countries or the multinationals.

3. A new economic and social development that tackles the problems of the Mezzogiorno and of employment with the framework of a defense of national independence also requires an energy policy that utilizes the full potential of all the national sources (from geothermal energy to Sulcis coal, to hydroelectric power, to solar energy, etc), that diversifies the imported sources to the extent possible (concentrating more on methane and coal), that gives massive encouragement to scientific research and experimentation, especially in the field of the alternative sources (solar, nuclear) and energy-saving. At the same time, it calls for an active and farsighted industrial policy on the part of the government, aimed in particular at creating the conditions for our industry to master and perfect the new energy technologies so as to consolidate and expand its presence on the domestic and international markets in this way.

4. Effective defense of the environment and safeguarding of health are not incompatible with development of an energy policy that utilizes all the possible sources, but on condition that there be a real commitment to creation of an organic system of safety to be gradually extended to all high-risk installations.

As the Venice Conference on Nuclear Safety also brought out, this means: (1) growing mastery of the technologies, development of scientific research and of professional competence; (2) specialization of the agencies responsible for safety (from the CNEN [National Nuclear Energy Commission] to the Higher Institute of Health); (3) reform and upgrading of public administration; (4) improvement of the national health service; (5) active involvement of the local and regional administrations and of the workers' organizaions. Safety, in other words, depends, beyond strict legislative standards, also on an "articulated safety system," the creation and gradual consolidation of which are part of the new energy and development policy for which we are fighting.

Large-scale diffusion of nonpolluting forms of energy production (cogeneration and remote heating) and increasing improvement and application of the antipollution technologies also form a part of this policy.

Furthermore, the quality of life can improve if energy policy comprises a new transportation policy, closing-off of the historical centers, a different work-schedule system in the factories and offices, and an urban planning

and siting policy that is less chaotic and wasteful of energy than the present one.

Intervention in the area of consumption, to discourage superfluous consumption or discipline essential consumption by suitable instruments, such as fiscal and tariff measures, and rationing if necessary, can result in a more rational mode of consumption.

5. Finally, a new energy policy, far from repressing the democratic system, as some have indicated that they fear, can on the contrary be an occasion for development and improvement of it. This would naturally be on condition that direction of the energy system (and choice of the most suitable arrangements) be entrusted not only to the big national organisms or to the technical structures but also to Parliament, to the regions, to the local administrations, to the municipalized firms, and that the citizens and the various social organizations be given responsibility in this field. The experiments in progress in several regions, such as Emilia-Romagna, for example, and in various cities, show clearly that we can and should go in this direction.

In conclusion, therefore, it is possible, in the judgment of the Communists, to launch a new energy policy that guarantees a change in the country's development and an improvement of the democratic system. The condition, however, is that along with quantification of the energy that we will realistically have avilable in the coming years, the intended uses of it be made explicit. It is on this latter front that the battle for a new energy plan, to which we call the workers and all the democratic forces, can realize all its value as a social, political and cultural battle for transformation of the country, for development of democracy and for peace.

C) The Proposals of the PCI for a New Energy Plan

Consistent with what has been said so far, the Communists propose that the Parliament discuss and approve a new National Energy Plan as soon as possible. The government's maneuver aimed at imposing an energy policy through partial and hasty measures, unjust tax maneuvers and abuse of decree laws, should be decisively rejected. Rather, a discussion of a general nature and presentation of an organic plan are necessary.

In the recent past, the government's energy policy has been founded on entirely unrealistic suppositions, beginning with the belief that oil in almost unlimited quantities can be available. For this reason, practically nothing has been done to exploit all the national energy sources fully and to develop the renewable ones, and no serious and credible plan has been prepared for energy-saving.

This has resulted in an imbalance that exposes the country to the serious danger of finding itself without the energy necessary for its development. The ENI [National Hydrocarbons Agency] affair itself and the intermingling in it of corruption and the employment of domestic and perhaps also inter-

national maneuvers aimed at hitting the state company and its policy of direct relations with the producing countries accentuates this danger.

A change is therefore required. The Communists, on the premise that even now, and still more in the near future, energy will on the whole be more expensive and relatively scarcer, and on the basis of the consideration that Italy will not be able to, and should not, count on a further increase in oil imports but should indeed reduce them, maintain that the new National Energy Plan should set itself the following objectives:

1. reduction of the percentage growth of oil imports and more rational use of them;

2. development, programmed in its chronology and in its modes (and therefore quantified), of all sources that are alternatives to oil (coal, nuclear power, methane, etc) and of the renewable ones (geothermal energy, biogas, solar energy, hydroelectric power, etc), with provision, for this purpose, of the necessary investments both in the field of research and experimentation and in the field of production;

3. preparation--within the framework of the choices made by the European Economic Community also--of an organic plan of measures aimed at achieving significant energy savings, a plan that should be financed and for which the necessary energy requirements should be forecast also;

4. coordination between the energy policy and the outlooks for development of income and employment (especially in the Mezzogiorno), as well as territorial organization and organization of the services to keep the country from finding itself deprived of the energy necessary for its development.

For this reason, the National Energy Plan should have a flexible character: that is, it should be suceptible of frequent revisions and updatings (at least every 2 years), in the light of the experience that accumulates, the results of research and technological innovations, and the developments in the energy crisis on the worldwide level.

The National Energy Plan must likewise articulate, with great clarity, the short-term, medium-term and long-term objectives to be decided on in each review phase with the maximum possible precision, and these objectives should be accompanied by statement of the instruments (technical, operational, financial, etc) necessary for achieving them.

Energy-Saving

1. The central axis of the new National Energy Plan must be the policy of saving and rational use of the available resources.

Energy-saving presupposes a policy of great breadth, a policy related to ideas and culture also, growth of our technological and scientific knowledge, development of the strategic productive sectors in the energy field, and a policy of industrial conversion.

Indeed, it is a matter not only of constructing a policy against waste, even though one must start from that point, especially when it permits some degree of recovery in the short run, but also of a new way of conceiving development policy itself.

A savings policy represents a combination of technical action, territorial programming and production changeover that starts from today and projects into the distant future. It therefore requires time, research, investments, energy. In the forward view, society will have to be organized in such a way that adequate working and living conditions are ensured with the least possible energy demand; and this demand will have to be met with the most suitable energy sources. In view of the fact, according to an ENI study, that nearly one-third of end-use energy consumption is represented by low-temperature heat, the meeting of this demand will have to concentrate, to the extent possible, on exploitation of the residual heat from other processes (especially the process for production of electrical energy through large-scale diffusion of remote-heating plants) and the heat from the solar and geothermal sources.

These objectives imply initiation of programming of territorial development in which the energy variable plays a primary role. The regions will therefore have to take on, among their tasks, that of preparing energy balance-sheets and coherent regional energy plans, to form the basis for siting the new distribution and production installations, the cogeneration and waste-recovery plants, as well as the plans for traffic (integrated and intermodal production-area plans). The local administrations, especially through the municipalized firms, which should be transformed into overall energy agencies, will have to contribute to the operational capacity of such plans.

2. In the building-construction sector, incentive should be given to new construction that reduces heat losses by at least 15 percent below those provided for by the standards in law 373 and that use the passive solar-energy techniques. For existing buildings, measures that reduce heat-scattering, with introduction, where economically appropriate, of passive solarization, should be given incentives in the short and medium terms, and overhaul or replacement of inefficient thermal installations should be provided for. These measures should affect about half of the existing building stock--the half, that is, for which the effort seems useful--in a decade.

In the short term, the communes should be given the instruments by which to put into practice surveillance of heating-plant maintenance; such surveillance alone can permit a 10-percnet saving of gas-oil. Incentives to use of heat pumps and solar systems for production of hot water should be given for new or existing buildings; the target would be replacement of 70 percent of the present electric hot-water heaters by systems based largely on solar energy or by hot water coming from cogeneration. In climatically promising situations, incentive should be given also to solar integration of the heating or air-conditioning system.

3. In the transportation sector, the same strategy of territorial rebalancing, together with the abovementioned plans and development of remote data-processing, can in the long run alter the present situation significantly. It should be accompanied by implementation of a national transportation plan that especially encourages transfer of a part of commercial freight from road to rail and internal waterways. In the short and medium terms, closing-off of the historical centers and improvement of urban public transportation should be achieved. A fast-paced initiative could also be taken as regards delivery of goods in urban areas within specific hours, thus achieving considerable saving of fuel, in addition to improving the quality of traffic. Similarly, a big contribution could come from a different arrangement of work schedules, agreed on with the trade-union organizations, which would have the added advantage of improving the electric-power load pattern.

4. However, it is in the industrial sector that the most significant savings can be achieved. The chemical industry has already reduced consumption by 16 percent, and similar reductions can be achieved through suitable measures to reorganize the production process in other sectors too. For small and medium-size firms in particular, regional assistance centers should be promoted that make it possible to identify, in the short to medium term, all technically and economically suitable measures for energy-saving, among which should be included--in view of the convergent relationship between electric-power demand and thermal demand--the cogeneration plants for the individual enterprises or those that have formed consortia. Technological remodeling of products is decisively important also, beginning with the automobile (research, experimentation on and production of engines that consume less fuel; expansion of diesel-engine production, etc) and electrical household appliances. In brief, the production changeover, as already provided for by law 675, should be carried out in such a way as to favor development of activity with low energy consumption and a high employment factor. In general, a savings policy applied to industry implies the initiation of restructuring, reorganization and conversion processes that should be planned for and agreed upon with the trade-union organizations and with the programming organs. This also implies--in view of the growing importance of the energy factor in final determination of production prices--that the industrial policy of the government and of the enterprises should increasingly have pursuit of the maximum energy-saving possible as one of its fundamental objectives, achievement of which depends largely on the international competitiveness of our production.

5. In agriculture, finally, productivity increase and expansion of production through recovery of land abandoned or considered marginal, and qualitative improvement of agricultural and animal products, require the availability of large quantities of energy. Because of the dominant characteristics of this energy (low temperature and summer peak), agriculture should be considered the sector where it is now time for extensive application of solar systems for heat production, integrated with cogeneration systems in which the biogas from animal wastes and organic residues of harvests is utilized. Furthermore, in enterprises that are difficult to hook up to the electric-power network, incentives should be given to application of systems for

electric power generation by the photovoltaic effect, so as to establish the conditions for the industrial takeoff of this new technology. Finally, all research for development of agricultural systems with low indirect energy demand (fertilizers, pesticides, etc) should be stimulated, particularly within the framework of the special projects provided for by law 183.

6. For the purposes of an energy-saving policy, wise use of pricing and tariff instruments is essential also.

The Communists reject the method, heretofore followed by the government, that makes the tariff instrument the sole regulator of energy consumption. This produces only an ineffective and socially unjust energy policy. Tariff manipulation should instead be done with the objective not only of guaranteeing greater consistency between the cost of energy and the price paid by the users, but in particular, of diversifying consumption so as to discourage that which has a high energy content, encourage the contrary, and fight waste.

For this reason, along with restructuring of the entire tariff system and a clearer connection of it with programming policy, careful consideration should be given to the idea of quota-fixing (especially for heating oil), and all necessary measures for achieving a gasoline-rationing plan should likewise be planned for right now with awareness of the fact that it might have to be put into effect if if a very serious emergency situation occurs with regard to the oil supply.

The Renewable Sources and the Alternative Sources

1. A new energy policy based on saving should set itself the goal of maximum utilization of all the renewable sources. To this end, the Communists ask that the bills submitted by various groups--the PCI in the first place, and also the CISPEL [Italian Confederation of Public Services of Local Governments] group--that concern the problems of the renewable sources be brought before the Parliament for discussion. It is also necessary to present in Parliament again, with revision and addition of new formulations, the proposed law on geothermal energy, and in this context, to resolve seriously and definitively the questions of the area of competence and the responsibilities of ENEL [National Electric Power Agency], the ENI and the local administrations (regions and communes) so as to be able to overcome the present situation of paralysis. For geothermal energy in particular, while ENEL should accelerate research for electric-power uses, the ENI should furnish to the regions and the communes all the technical support necessary for on-site utilization of the low-heat-content sources for town use and for development of agricultural activities. As regards waste recovery, the draft of an appropriate law, as promised for years, should be presented rapidly. Finally, as regards biogas (and also with regard to the amendment of the Merli law), incentives and initiatives should be provided that encourage development of all procedures that set themselves the objective of recovering all the energy value contained in liquid animal wastes and urban sewage so as to reuse it for new productive processes. In this sector, special stan-

dard-setting and financial powers should be given to the regions and the local administrations.

A specific and particular commitment should be made in the direction of solar energy. Even if, in the immediate future, the contribution by solar energy will necessarily be a modest one, it can nevertheless in the future cover a sizable proportion of our needs. For this reason, it is necessary to program and finance research, experimentation and projects adequately, starting now, and to give incentives in various ways to the use of solar energy, especially for domestic purposes.

2. Methane

Within the framework of diversification of sources, methane gas can have an important role.

Methane gas will have to be used mainly for cogeneration, for domestic uses, and for the more sophisticated technological uses. The objective should be to achieve, in the 1980's, an annual availability of 40 billion to 50 billion m^3 of methane--an availability that will have to be ensured through exploration on Italian soil, doubling of the gas pipeline to Algeria, and an increase in supplies from Libya, the Soviet Union and other countries. In this framework, it should be a priority commitment by the government, the regions and the workers' movement to prepare all measures relating to projects, financing, infrastructures and production decisions that will enable Sicily and the Mezzogiorno to be able to make timely and effective use, for the purposes of their own development, of the methane gas coming from Algeria by 1981. Methane can and must constitute an opportunity for development of the Mezzogiorno that it would be criminal to miss.

In this context there should be a careful reexamination of the function of the ENI's methane output, of the promotional and technical-support function of the SNAM [National Gas Pipeline Company], and of the relationship of these companies with the regions, the local administrations and the municipalized enterprises.

3. Hydroelectric Power

In recent years, a series of serious phenomena have afflicted the entire electrical-energy sector, as regards both production and consumption. The policy that enabled production to go on with wide margins of safety consumption [as published] is no longer practicable, and in many cases, energy demand is already not being met. The reasons for this phenomenon are many and complex, and in the first place, involve the responsibilities of the government and of ENEL; they are the result of contradictions, lack of foresight and incapacity in the production sector, especially because of the emphasis placed on the use of oil and the absence of demand policy, while ENEL has neglected for years to exploit all the existing hydraulic resources to the utmost and rationally and has neglected and discouraged research and experimentation on the emerging new resources: geothermal, solar, uranium, etc.

They are also the fruit of a policy of plant utilization (one thinks of the excessive number of power plants out of service) and utilization of the transport and distribution networks that is characterized by indifference, inefficiency, lack of foresight (one need only refer to the abandonment of hundreds of small hydroelectric power plants and the delays in construction of the 380-Mw interconnection line that still does not cover vast zones of the country). However, it should be said that the entire national electric-power situation has been and still is being adversely affected by consumption arrangements, habits and types dictated by the policy of ever-available energy supplied at low cost and at decreasing real values (this framework includes the waste, the inappropriate uses, the creation of absolutely irrational peak loads, etc, the inadequacy of the entire tariff policy).

In this context it is necessary and urgent to take a series of measures. In priority and in accordance with the strategy of energy-saving, the government and ENEL must be asked for a clear and concrete program aimed at: (1) decreasing considerably the unavailability of production and distribution installations; (2) regaining rapidly, by agreement with the communes and using the provisions of law 393 of 1975, the use of all the decommissioned small electric-power plants, overcoming also the delays created by the nationalization law as regards the plants up to 2 Mw; (3) going into discussion with the local administrations, the trade-union organizations and the employers' associations on the creation of new consumption time schedules so as to reduce the peak power loads. Finally, it is necessary to carry out the total reform of the electric-power tariff structure which Parliament has approved but which the government has never achieved in the course of recent years.

All these measures, if implemented, can during the coming years provide further availability of several thousands of megawatts, by using the existing plants in the best possible way.

4. The situation of the Mezzogiorno and the need to expand urban services and create new job possibilities for the unemployed make it necessary for the country (which has the lowest per-capita electric-power consumption among the countries of the EEC, especially in the southern regions) to make a serious effort to be able to count on greater availability of electrical energy. In the future, the country will need not less energy but more. Of course, it is not a matter, for this purpose, of pursuing an unrealistic "all electric" policy but rather of providing the country with the energy bases necessary for achieving a policy of development programming. For this, it is necessary to tackle with the greatest urgency the realization of a program that makes it possible to exploit (firmly and consistently following the criterion of multiple and optimal use of water) all of the national hydroelectric potential, by completing, in the next 10 years, plants that make it possible to furnish at least 10,000 Mw electric (including the pumping potential already planned for), to which should be added geothermal-electric power plants with an additional potential of 1,000 Mw, again in 10 years. In parallel, the maximum possible program should be implemented for the next decade as regards the renewable sources (several hundred Mw, in-

cluding wind power). Over a very long term, a coherent hydrogeological reordering of the national territory could furnish a further limited waterpower contribution, while from the 1990's on, electrical energy from the solar source will begin to cover a significant fraction of the daytime portion of the electric-power load pattern.

5. However, the totality of these policies is not enough to meet our country's long-term electric-power needs. Even with all possible development of cogeneration systems, there still arises the concrete problem of covering a portion of future needs by means of plants which, since they cannot be powered by petroleum derivatives, will have to be based on coal or nuclear energy.

The task of the National Energy Plan in Parliament must be, in a very short time span, to define these needs quantitatively, even though they appear concrete right now, especially if estimation of the needs is projected to the 1990's, from the point of view of updatable and flexible programming. Within this framework, the necessity of maximum diversification of sources leads, in the opinion of the Communists, to identifying a joint contribution from coal and nuclear energy as the optimal one.

6. Coal

As regards coal, the first objective is to substitute it for fuel oil in all the thermoelectric power plants existing or under construction, wherever possible. An accelerated policy in this direction can lead, by 1985, to consumption, for production of electrical energy, of 11 million tons per year as against the approximate 2 million tons at present, with a saving of about 6 million tons of fuel oil.

In a broader strategy, though, coal should be used in new electric power plants, in the cement, brick, calcium industries, etc, so as to save a corresponding proportion of oil derivatives, methane or electrical energy. However, this partial conversion of the country to coal requires an explicit and coherent political choice, given the dimensions (financial, environmental, organizational) of the problem. In addition to initiatin gthe mining and use of Sulcis coal immediately, the following are also necessary:

(a) a government initiative to guarantee supplies by the awarding of long-term supply contracts;

(b) understandings at the Community level in order to define a joint strategy regarding the big producer countries;

(c) incentives to firms to make, within time-periods sets, the investments necessary for conversion to coal;

(d) territorial planning that ensures the establishment of activities that use the ashes, not too far from the sites of ash production, in case these activities [as published] are not capable of recycling them internally;

(e) detailed programming and development within fixed time schedules of all the infrastructures needed: ports, berths, a long-range fleet and a coastal one, coal ducts, canal and rail systems, etc;

(f) development of technologies capable of facilitating use of coal (fluid-bed combustion, gasification and liquification, depolluting installations).

Such a program clearly requires popular consent also, especially as regards the siting of the principal infrastructures and the coal-fired power plants. For this purpose it is necessary to prepare precise and convincing norms for safeguarding health and the environment and to provide criteria for socio-economic integration of the coal-fired plants in the zone.

7. Nuclear Energy

As regards nuclear energy, a number of sites (at least two) to be made available for the nuclear program that the National Energy Plan will define should be identified now.

In making this clear choice, the Communists nonetheless stress the limitations to which it should be subjected:

1. first and foremost, the problems of safety should be tackled and solved with great clarity, and the extent of the commitment in the nuclear sector should be related to the effective degree of maturity reached by the safety system,

2. every 2 years, careful analysis should be made of the progress of the sector, with the emergent elements identified, subjected to examination by Parliament, and used to perfect and update the solutions. Meanwhile, this analysis of past experience should currently make it possible to choose a nuclear approach based on a single system, not only to reduce [as published] the economies of scale to the maximum, but also and especially so as to be able to concentrate all of the existing capacities to reach the maximum level of output in the sectors of research, industry, management and plant safety,

3. as regards fast-reactor policy, it is necessary to maintain the commitment to pursue only the research, study and experimentation work (in collaboration with foreign countries also), with the principle aim not only of mastering the construction technologies but especially to deepen and check knowledge of everything that regards safety (from the proliferation point of view also) and overall economics.

In these conditions and within this framework it is possible and, according to the Communists, necessary to proceed to identify the two sites for the power plants. This means that in addition to completion of the Montalto and Caorso power plants, construction of nuclear power plants to the extent of at least 4,000 Mw should be initiated.

8. Oil

Energy-saving and exploitation of the alternative and renewable sources will be able to reduce oil importation considerably over the coming years. Nevertheless, oil will for a long time constitute our country's principal energy source and a fundamental raw material for our industry. The problem therefore arises of assuring an adequate supply to the country through: (1) a direct relationship with the producing countries; (2) development of exploration and prospecting on Italian territory and abroad on the basis of agreements and conventions; (3) restructuring of the transport, storage, refining and distribution system for petroleum products.

To this end, an adequate role should be guaranteed to the national company, but with safeguarding of the capacities and possibilities of the private oil companies that may be disposed to operate within the framework of state programs and controls. In the immediate future, however, taking the difficult situation into account, the government should be pushed to prepare an "emergency plan" within which the possibility of rationing, to cope with any short-term exigencies, is provided for also.

9. The experience of recent years has clearly demonstrated that it is impossible to realize any kind of energy-development policy--especially for construction of new conventional thermoelectric power plants, and nuclear ones in particular--without solving the problem of the orientation, consent and involvement of public opinion.

Beyond the matter of self-interested orchestrations, the basis for this demand for public opinion lies in the uncertainties of the political and planning framework, in a fundamental distrust of the agencies that operate in this sector, in the experience of the negative effects of unfettered industrialization, with the profound devastation that it has caused, in the lack of any serious information on the matter. This exigency therefore cannot be satisfied by action of a propagandistic character, but only by a true and proper strategy that systematically tackles: (1) the problems of information on energy questions in general and on the individual sources in particular, including the risks that utilization of them involves; (2) study and detailing of the safety systems necessary for ensuring not only the functioning of the plants but also the entire fuel cycle (especially the nuclear cycle); (3) the optimal criteria used for selecting the plant sites; (4) socioeconomic integration of the power plants with the territory.

From what has been set out above, it proves more urgent than ever for the government to give exhaustive answers to the questions asked by the PCI some time ago, by appropriate parliamentary instruments also. In particular, it is necessary for Parliament, as soon as possible: (1) to be made capable of discussing the proposals given in the matter of the problems of safety of nuclear plants by the committee specially constituted to discuss the site map prepared by the CNEN and to review, in the light of it, the entire national energy program; (2) for the Parliament and the government to take the measures necessary for ensuring the participation of the regions and the

communes involved not only in site selection but also in examination of the functioning of the plants, so as to be made capable of taking effective action on [illegible] problems that emerge in the national territory (protection of the environment, readying of services, organization of infrastructures, problems of monitoring of health and of pollution, emergency measures); (3) establishing precisely the specific competencies and frameworks of collaboration among the CNEN (from which the Safety Department must be separated, albeit in the necessary gradual manner), the Higher Institute of Health and the regions, so as to ensure the maximum effectiveness and coherence of their actions.

1. An energy policy of the type that we have delineated up to this point requires reconsideration and serious reform of the methods and instruments of governmental management, of the agencies operating in this sector (ENEL, CNEN, IRI [Industrial Reconstruction Institute], ENI), of the research activities and of industrial production. The energy crisis should be a great opportunity to reform and revive the democratic institutions, the agencies, the productive activities. In particular:

(a) it is necessary to give unified guidance to the energy sector at the government level, and for this purpose, with the proposal for an agency discarded, the choice should be made to create an appropriate ministry so as to give this instrument the necessary political clout to ensure Parliamentar control;

(b) the problem of restoring ENEL and the CNEN has now been on the agenda for years. For this reason, in addition to replacement of the board of directors, which now cannot be put off any longer, a reform of these agencies should be planned;

(c) the proposal to give the regions greater powers in territorial energy planning, with the consequent restructuring of the roles of ENEL and the ENI, should be brought to general political debate;

(d) it is necessary for Parliament and the government to solve the problem--[illegible]--of control and coordination of research and experimentation, which has now been carried along for years at various levels (CNR [National Research Council], universities, CNEN, ENEL, ENI, private industry) and with the use of considerable cultural and financial resources. It is necessary to scrutinize the results achieved, coordinate the efforts, state specific objectives, prevent waste and overlapping, ensure concrete operational outlets. To this end, the Ministry of Energy, in concert with the Ministry for Scientific and Technological Research, should be specified as the center for ways and means and programming;

(e) finally, it is necessary for the industrial sector, and first of all the sector that makes thermoelectric equipment, to be profoundly restructured and revived in such a way as to ensure its maximum contribution to achievement of the National Energy Plan and its maximum presence on the international market as regards the demand for energy goods and services. Beyond

the considerable manufacturing work that has fallen by the wayside, the plan outlines described here are in fact capable of expanding the demand for production activity, planning, programming, research, installation, maintenance and checking, utilizing, in brief, the potential of that skilled tertiary sector in which the greater part of our country's qualified offerings are concentrated today. For this purpose, it is essential for Parliament and the government to ensure policies and approaches that enable the firms to program their activity for a long period.

A special driving function in the thermoelectric-mechanical-nuclear sector must fall to the state-participation industries, which, on the other hand, have shown considerable dynamism in recent years.

Above all, it is necessary to create a close connection among research, experimentation, international collaboration and the industrial production outlets not only in order to keep the now traditional sectors at the highest possible levels of competitiveness but in particular, to enable national industry to win an important position in the creation and exploitation of technologies appropriate to the emergent sectors (energy conservation, the proven nuclear sector, fusion processes, low-heat geothermy, biogas, etc.).

16 [as published]. On this set of problems, the Communist Party intends to open a debate and confrontation with the other political forces, the social organizations, the consumers and all those who are in some way concerned with the sector. This debate should serve also to improve and possibly correct our proposals themselves; but above all, it should serve to involve ever broader masses of citizens and workers in discussion on these themes, giving this debate a concrete, rational character, one based specific data and facts, to take it out of the small circle of specialists and rid it of the dramatic tones, the ideological oppositions, and the purpose-directed games by which it has been covered in recent years. We Communists feel that the more serious the crisis in this sector is, the more necessary it becomes to accelerate the time schedule for this confrontation and this mass debate, convinced as we are that it is possible to get out of this crisis only by creating new relationships on an international scale, based on detente, cooperation, respect for the independence of the individual countries, and by setting in motion a process on the national and international levels to change profoundly the methods and criteria for production and utilization of energy sources, going so far as to create new values for a different quality of life; and finally, by winning over to these ideas and these proposals, through cultural and civil growth and through development of democracy, the consensus of the overwhelming majority of citizens and workers.

11267
CSO: 8128

DUTCH INFLUENCE IN THIRD WORLD SEEN AS WANING

Rotterdam NRC HANDELSBLAD in Dutch 4 Apr 80 p 7

[Article by J. L. Heldring: "The Common Approach Arouses Resistance"]

[Text] Dutch influence in the Third World is waning. At least, that is the opinion of Yugoslavs who were here recently. There was a big headline about this on the front page of last Saturday's issue of this paper.

What could be the cause of such waning Dutch influence in the Third World? The Yugoslavs pointed out that as regards North-South problems the Dutch government is now operating more within the framework of the European Community than during Pronk's term as minister; the Dutch point of view is therefore less outspoken than the Third World had come to expect.

The Yugoslav visitors said: "Yugoslavia and the other countries of the Third World deplore this and would like to see the Netherlands resume its leading position and let its own voice be heard again to involve other Western countries."

This Yugoslav announcement should certainly be taken seriously, but the crucial question is: will the Netherlands really get other Western nations involved if it again takes the lead and speaks with its own voice? Past experiences have taught us that this is not so. On the contrary, the result would be irritation among other Western nations.

Naturally: The Third World--not really united at all--would, like everybody else, be pleased to hear what it wants to hear. However, if the Netherlands meets this demand, that does not yet mean that it will have influence in the Third World. At best, it can count on applause. But applause is not the same thing as influence.

Pronk experienced that himself during the seventh special session of the General Assembly of the United Nations on development and international cooperation in September 1975. After his return to the Netherlands he gave an honest account of his experience in a speech in Rotterdam.

He said then that he had found out that "developing nations like what the Netherlands want and do, but the results are minimal. Important is what power blocs do, i.e. the European Economic Community and the United States. What individual countries do is unimportant. The Netherlands' mission is confined to the European Community."

Pronk noticed that developing nations are, with due respect to the Netherlands, actually only interested in what the European Economic Community and the United States are doing. A country like Sweden, which conducted a policy similar to that of the Netherlands, did not get to first base anywhere. Pronk's conclusion that the Netherlands should act as a part of the European Community was therefore very logical (he violated this advice himself, but that is a horse of a different color).

One feels inclined to ask if many developing nations, just like their proponents here, are often more interested in words, declarations, and announcements than in actions and results. (In some of their cultures words take the place of deeds.)

This is often the case with their Dutch proponents, as Prof F. van Dam, who has been advisory counsel on development problems, demonstrates in an article in ECONOMIC STATISTICAL NEWS of 19 March. He finds that many proponents show little interest in concrete economic political relations between the poor and the rich.

This lack of interest for concrete problems "appears to be the unavoidable contradiction to the desire for grandiloquent standards. These standards, like the desire to fight for a different world economic order, are difficult to reconcile with daily realities. On the other hand, one of the consequences is that the standards are to a great degree set without obligation."

What is perhaps hard to bear is the fact that a concrete approach turns the development problem from a beautiful dream into the reality of job opportunities, capital markets, patents, import, and export. Dreamers resist this. They do not want the reality.

Van Dam gives some examples. The chamber calls Minister De Koning's memorandum on Development Cooperation in World Economic Perspective, which deals with concrete data in business-like terms, cold-blooded. The media accused it of "tiredness when an attack on the structures in the world economy is at stake."

The report of the Brandt Commission (Pronk was one of its members) contained some political proposals on improving relations between rich and poor. It was sharply criticized by Dutch development experts, who called it a "missed chance." (These examples remind us of a member of the Second Chamber whose first objection to a report on nuclear weapons was its "lack of inspiration"). Van Dam writes: "All this is the reason why in the Netherlands the background of development problems remains obscure. The

complicated interaction of political and economic relations is left out of the picture. In the meantime the relationship between North and South is becoming grimmer and more aggressive every day.

"It means that development policies are used more and more to contain the conflict instead of becoming expressions of generosity. A cold wind is blowing between North and South. One who does not want to feel it places himself outside the reality of our world.

"The dreams remain exactly what they are, dreams."

Here we have it again. The reluctance to consider the means which could be used to achieve our lofty and sometimes also very practical goals as regards "ordinary" foreign policy problems is well known. With problems of national safety and security this reluctance borders on a mood of: "Stop the world, I want to get off."

The same kind of reluctance to due consideration of the relation between goals and means apparently exists in development circles. Van Dam says: "Resistance against such a common approach is incredible." This reluctance will not diminish if the Third World stimulates it.

10,319
CSO: 3105

PROVISIONAL KVP LIST OF CHAMBER CANDIDATES PUBLISHED

The Hague ANP in English 23 Apr 80 p 3

[Text] The Hague, April 22--The executive of the Catholic People's Party KVP, the biggest grouping within the CDA alliance, today published its provisional list of candidates for next year's general elections.

The list is headed by Prime Minister Dries van Agt, who said in a Dutch TV interview in Indonesia screened on Monday he was ready to become chief candidate of the CDA in the polls.

Second on the list is CDA floor leader Ruud Lubbers and third is the Minister of Culture, Recreation and Social Welfare, Mrs Til Gardeniers.

Six prominent KVP members will not be available for a seat in the new Second Chamber, the executive said.

They are former Finance Minister Frans Andriessen (who said recently he preferred to become a member of the First Chamber), Finance Minister Fons van der Stee, Science Policy Minister Anthonius van Trier, Economics State Secretary Theo Hazekamp, Defence State Secretary Cees van Lent and Second Chamber member Wiel Bremen, it said.

CSO: 3120

BRIEFS

COAL IMPORTS FROM POLAND NEEDED--Amsterdam, April 28--An Amsterdam city delegation said here last Saturday on its return from a visit to Poland there were good possibilities for increased coal shipments from Szczecin to the Dutch capital. A spokesman for the delegation said Szczecin's annual shipments of coal totalled 12 million tonnes, of which 900,000 tonnes went to Dutch ports, mainly to Rotterdam. Amsterdam wished to increase its share in these Dutch imports, and the delegation had found during two days of talks in Szczecin there were 'very real possibilities' to achieve this, he said. Before the delegation went to Szczecin it paid a visit to Warsaw. This part of the visit was headed by Mayor Willem Polak, who had to go home earlier than the other members because of pressing business. The delegation, which further comprised Amsterdam's Aldermen for economic affairs, town renewal and social affairs, also studied housebuilding projects in Warsaw and Szczecin. [Text] [The Hague ANP in English 28 Apr 80 p 5]

CSO: 3120

ENERGY MINISTER: POWER POLICY REPORT IS COMPROMISE

Oslo AFTENPOSTEN in Norwegian 10 Apr 80 p 25

[Text] "It is the government's judgment that the power-intensive industries will have and must be guaranteed a central role in future industrial development," said Minister of Oil and Energy Bjartmar Gjerde in his speech on Norway's energy situation at the Polytechnic Association [PF] on Wednesday. In spite of these assurances it appeared from the ensuing debate that the energy report and its pricing recommendations were not exactly reasons for optimism in the heavy industries.

Cabinet Minister Gjerde based his speech on the recent energy report, which in his judgment is a compromise between growth and security. The theme was that the energy shortage will be a crucial factor in the international economy, that energy prices will continue to rise, but that Norway, because of its varied domestic energy sources will have an energy policy distinguished by its freedom of action, resulting from abundant water power, which has many advantages over other energy sources.

Gjerde quoted all the current statistics for our energy sources, water power, oil, and coal. It is still too early to say whether the accident with "Alexander L. Kielland" will significantly alter oil production.

"I am convinced that the central thought for most people in this country is to ensure jobs and continued economic growth and development. It is not enough to desire goals. We must also desire the means to those goals," he said.

"Energy prices are an effective means of influencing the growth of total energy consumption," Gjerde emphasized. "It is important that energy prices reflect social costs, and that consumption is determined by these costs."

Gjerde also explained prices for electricity. For the normal consumer there is an interest rate of seven percent, valued at 19 ore per kilowatt hour

at the user's meter based on the current price level and calculated as an average until 1990. In addition the moms [value added tax] is added. The 19 ore can be split up in a fixed fee of 4 ore and an energy fee of 15 ore. The energy fee will then determine how much the consumer will conserve. The fixed fee will vary depending on the economy of the electricity plant.

Prices vs. Profits

"Also, prices for the power-intensive industries must fit the costs of obtaining new power," said Gjerde. "But here one escapes the distribution expenses, so new power is valued at 11-12 ore per kilowatt hour. As long as it is consistent with industrial goals, the government will carry out a gradual adjustment of energy prices in accordance with the price of getting new power, but the price must take into consideration the operating costs, competitive position, and development possibilities of the power-intensive industries. The goals of the industrial policy supersede those of the price policy."

Gjerde made special mention of the wood products industry which is being reorganized and is going through conservation and environmental changes. But this industry is changing over to products which demand increased electrical power.

"When electricity forecasts are revised downward, the result is that economic growth is lower. We must ensure that there is sufficient power to support moderate economic growth.

"The government, in its long-range program, advocated increased energy supplies for the power-intensive industries from 30 billion kilowatt hours today to 34 billion kilowatt hours in 1985. It does not now seem possible to accomplish such a large expansion. Therefore the government is now anticipating 31 billion kilowatt hours in 1985 and 34 billion in 1990," said Gjerde, who quoted statistics on our watercourses, which ones are built, under construction and planned.

Lorck Against Government's Energy Report

Administrative Director Karl Lorck of Elkem-Spigerverket [ES] fired one broadside after another in a statement following Cabinet Minister Gjerde's speech to PF. "It has been asked whether industry has confidence in our central government. Now here are recommendations from government to change payment terms which are fixed in agreement of 20-30 years duration. This is a very long-range development. There will be many cabinet ministers, probably also governments, that we must have confidence in during these coming years," said Lorck.

"The thing is that the power intensive industries will not get more power during the coming years, but they must pay significantly higher prices in the future for the power that they already have firm agreement on today. It

is claimed that this will cause industry to use power more economically. But industry always tries to use power economically, because power is a limiting factor.

"It is argued that society wants to force industry to rationalize its facilities, improve the environment, and conserve energy. All this requires that businesses make profits. A drastic increase in the price of energy will not bring this about.

"The point is that industry will get no new power, and will pay for what the power costs. Why must industry pay for the old power what it has cost to build new power for other purposes?" asked Lorck. "Today's prices give the power producers satisfactory returns.

"In order to reach the dominant goals of society viable industry is essential. One must ask if the people realize the consequences that the recommendations of this energy report would cause. We have been requested to calculate the shortage in tax revenues in Vefsn, where Mosjoen Aluminiumsverk is located, based on a rate of inflation of seven percent, and assuming that power prices will be raised to the long-run marginal cost up to 1985. Our calculations show for these five years a total shortage of tax revenues of 118 million kronor, consisting of 70 million in municipal taxes, 38 million in county taxes, and 10 million in the tax distribution fund. What will such shortages in tax revenues mean for a community in which 40 percent of the tax revenues come from the aluminum plant and its employees?

"The average profit of ES for the last five years is 90 million kronor. If ES had to pay the long-run marginal cost for power in 1979, which in the energy report is fixed at 11.5 ore, the result would be reduced by 300 million kronor--from a satisfactory profit to an obvious deficit. We have investment plans for a total of two billion in Mosjoen and at Salten Verk. Can we go ahead with such developments based on such diffuse conditions for future energy prices as given in the energy report?" asked Lorck.

Wood Products Industry: From In Balance to Deficit

"The government wants an energy pricing policy which will lead to energy costs far over what our competitor countries have. At the same time the government says it is interested in improving the competitive position of Norwegian industry. I can not see how it will be possible to combine these contradictory objectives," said the administrative director of the Central Association of the Paper Industry, Arild Holland, after Gjerde's speech to PF.

"If the price of power is set at the long-run marginal cost for all power based on seven percent interest, the annual price increase for the wood products industry will exceed 250 million kroner. By comparison, the annual net profit after depreciation and interest for the period 1973-1979 was 100 million kronor.

"It is therefore worth noting that the government has put forward its recommendation for raising the price of electricity to the long-run marginal cost. It is also worth noting that it did not discuss what the consequences of its energy policy will be.

"The government goes in for grandiose economic solutions. Does it expect to fix the year's electricity price based on predicted economic conditions? It is with amazement that one asks why such extraordinary profits are required by the Norwegian electricity system," said Holland.

Norwegian Wood Products Industry Gets New and Large Handicap

"It is surprising to see that industrial policies received so little attention in the energy report, while technical and pricing subleties and technical reasoning for accepting the long-run marginal cost concept are featured," said the administrative director of Norwegian Forest Industries, Rolv Lindseth, in a statement following Cabinet Minister Gjerde's speech to PF.

"The wood products industry exports 80 percent of its production, but is not the lowest priced in the market, which is full of very hard competition, especially from North America. North American industry has had great advantages because of such things as cheap raw materials and a falling dollar during the entire 1970's. In Norway we must continue to expect significantly higher operating costs than in North America, which today has operating costs about 60 percent of ours. We must also expect higher operating costs than Finland and Sweden, and our wage costs will continue to be high. In sum that means that at the beginning of the 80's our cost position is considerably worse than during the past 10 years.

"Based on our cost level for operation and manpower, the Norwegian wood products industry is steadily moving toward more energy consumption, and changing over to labor-conserving bulk products such as newsprint and magazine paper. Before 1985 these will comprise two-thirds of Norway's paper production. Access to relatively cheap electrical power is one of the important conditions which make this possible. The government expects oil prices to follow the world market. This is not the policy of important competitive countries.

"It is serious that the government has not noticed that energy policies calling for long-run marginal cost are not practiced in any other country, but will impose a self-devised handicap on Norwegian industry. This proposal will give several hundred million kronor in profit to the producers of electricity and increased government income which is drained out of industry," said Rolv Lindseth.

The Government Must Not Be Remote

"The government must play a central role in planning and organizing the development of our society, but the planning must not be remote," said the

general director of the ASV [expansion unknown] Group, Haakon Sandvold, in the debate which followed Gjerde's speech to PF. "In the energy report, I can not judge what consequences the energy prices will have for industry.

"It would be interesting to get better acquainted with the judgments that are behind the ceiling of 125 million kilowatt hours. When industry must live with the concept that long-run marginal costs are "right for the economy of society," with few compensations, a passive attitude could be created in the firms which would reduce their ability to recruit and compete.

"In most of the countries with which we compete, long-range power contracts have price formulas which will give a growth rate for power prices which is about half of what the energy report recommends. Under conditions of long-run marginal cost, increasing at eight percent per year during the 80's, this difference in calculating the price of power will cost ASV about 500 million kroner per year by the end of the 80's. Compared to the power contracts ASV has today, the corresponding increase amounts to a billion kroner per year. That illustrates the consequences of the recommendations of the energy report," said Sandevold.

9287
CSO: 3108

RESEARCH INSTITUTE URGES STEPPED-UP SUN ENERGY EFFORT

Oslo NORGES HANDELS-OG SJOFARTS TIDENDE in Norwegian 10 Apr 80 pp 1, 14

[Text] A national research program in the solar energy field should be established immediately, and the program should give both challenges and possibilities to Norwegian industry, according to recommendations which were delivered in record time by NTNF [Norwegian Council for Scientific and Industrial Research] to the Ministry of Oil and Energy.

"There is a clear need for coordination of solar energy research in Norway," said the chairman of the NTNF committee, Civil Engineer Hallvard Hagen from the Norwegian Building Research Institute, when he presented the recommendations. He pointed out the importance of setting up full scale experimental facilities in connection with such a research effort, something that could give practical operating experience with solar energy equipment, test new system proposals, and increase the public and government interest in the use of solar energy.

Toward Concrete Projects

Undersecretary Harald Norvik, who received the recommendations on behalf of the Ministry, said that up to now in Norway the most money had been spent for research on wave power. There have been proposals for programs for utilization of energy from biomass and the sun, and he promised that further resources would be used for solar research following the NTNF recommendations for concrete research projects.

Five Year Program

The committee recommends a 5-year research program with appropriations of 3-5 million annually for use in such areas as program coordination, sunlight and climate data, technical and economic analyses, passive and active solar heating installations and construction of an experimental plant.

No Large Contribution

Halvard Aasen cautioned that too much should not be expected of solar energy in Norway.

"Even if there should be relatively large introduction of solar heating in homes in the coming years, this will not be a large percentage contribution to our energy requirements in the first 10 years," he said. "For example, it is estimated that by the year 2000, requirements for heating will amount to only 0.5 percent of Norway's total energy needs."

Support Arrangements

The recommendations suggest economic support arrangements to promote the use of solar energy, as is done in other countries. A producer like Moelven Brug, who has fabricated a prototype solar heater, has also advocated economic support for those who want to build solar energy houses.

Undersecretary Norvik was very careful in expressing himself on this point, but he said that some form of economic support will probably be worked out later. First it will be necessary to support the research effort.

9287
CSO: 3108

INDUSTRIAL RESEARCH INSTITUTE REPORTS ON TRENDS

Oslo AFTENPOSTEN in Norwegian 21 Apr 80 p 7

[Text] The Central Institute for Industrial Research [SI] last year noted a high and increasing demand in the fields which in the short-run can contribute the most to increased productivity. The demand was especially great in the areas of automation and computer technology, according to SI's annual report. Gross receipts increased by 11 percent from 1978 to 1979, and reached 72 million kroner. Profits were 2.2 million kroner, or 3 percent of receipts. Prices at SI have not increased since January 1978, and the profits were considered satisfactory.

The dominant fields of activity at SI are automation, microelectronics, computer-assisted construction, and environmental chemistry. Together these occupy more than one-third of SI's total capacity. Last year there was also increased interest in work on materials research, especially in connection with the processing of light metal alloys, and materials and coatings for use in internal combustion engines and for other high-temperature purposes.

The annual report describes a broad spectrum of SI's research and development projects, including systems for computer-assisted construction, command systems for industrial robots which can "see" and "feel", methods for measuring pollution in our inner and outer environment, and development of ocean wave power plants.

The report emphasizes the importance of the institute's role as a source for highly qualified technical collaborators for industry and management. During the past 10 years more than 100 scientists with experience at SI have moved to other organizations--mostly in industry--and they took with them valuable experience in applied research and development.

Last year SI processed 467 research and development tasks which varied in size from under 10,000 kroner to over a million kroner. Fifty-eight percent

of the income of SI came from other sources than the Norwegian Council for Scientific and Industrial Research (NTNF). In addition about 3,400 short-term tests were performed which amounted to a total of 4.5 million kroner.

SI is now in an anniversary year, as it is 30 years since the institute was established as an industrial research institute which could work in research projects in various industries and all interested specialties. The results of this activity can today be seen in large part in both industry and management. The results of most projects are built into the products and processes in industry and administrative decisions in management. The former chief of NTNF, Robert Major, writes in his salutation to SI that the institute has steadily grown as an important national resource.

9287
CSO: 3108

MUCH REMAINS TO BE DONE TO INCREASE OIL FIELD SAFETY

Oslo AFTENPOSTEN in Norwegian 24 Apr 80 p 2

[Editorial: "The Three Reports"]

[Text] If the accident with "Alexander L. Kielland" had had drastic consequences for the oil industry on the Norwegian continental shelf, it would have caused decreased activity at all the installations in the North Sea. Since three expert authorities, Norske Veritas, the Oil Directorate, and the Shipping Directorate have made their reports, it does not seem necessary to make changes in oil production activities. From a technical evaluation of the circumstances the activity in the North Sea can be continued as before. On this point the conclusions are unanimous. Neither were any changes recommended in the planned activity off the coast of north Norway. Norske Veritas confirms that drilling in the north will not create any new technological challenges which are unknown in relation to what is now going on in the North Sea.

Since all the responsible authorities appear to have made up their minds to the reality that the oil activity at sea will continue, there is nothing surprising or sensational in their conclusions. An eventual reduction of the activity on the continental shelf appears to be an unrealistic thought. However there is no reason to conceal the fact that the catastrophe at Ekofisk and later the "Henrik Ibsen" wreck at Tananger have caused serious reconsideration of the demands for safety and control. And if there is one doctrine we have learned from past oil production activity, it is that no effort must be spared in bringing safety to its highest level. On that there is no disagreement. The tasks before us represent without question the greatest challenge in the oil industry.

Against this background we would emphasize as strongly as we can the very clear conditions which the industry's experts set forth so that it can be considered safe to continue the oil activity in accordance with the original plans. One of the most important of these is the condition that the training of personnel in the oil industry must be greatly improved. In a number of areas concrete recommendations are made to increase safety. We note among other things that Veritas will develop new classification requirements

for mobile platforms which are built for operation in the North Sea and comparable exposed locations, and that provisions for effective inspection and control will be strengthened.

The three expert authorities, complying with the government's request, have conducted a quick evaluation of the safety situation in the North Sea. They have confirmed our assumption that much more can and should be done to improve safety. But at the same time the reports emphasize that there is nothing in the circumstances that we now know about which would give reason for passivity or exaggerated reticence toward the control will be strengthened.

The three expert authorities, complying with the government's request, have conducted a quick evaluation of the safety situation in the North Sea. They have confirmed our assumption that much more can and should be done to improve safety. But at the same time the reports emphasize that there is nothing in the circumstances that we now know about which would give reason for passivity or exaggerated reticence toward the continuation of oil production. The experiences that we have had we should profit from together--for the improvement of safety and confident that the oil and gas resources will be a benefit to all of our society.

9287
CSO: 3106

OIL COMPANY SHOWS PROFIT FOR 1979

Oslo AFTENPOSTEN in Norwegian 12 Apr 80 p 40

[Text] After several years of substantial deficits, Norwegian Oil [Norol] released its balance sheet for 1979 which showed a profit of 97.4 million kroner. That is an improvement over 1978 of 139.1 million kroner. The improvement is mainly due to a large increase in prices for the company's export products. The prices on the domestic market for 1979 did not fully cover increased costs, although the authorities permitted eight price adjustments in the course of the year.

The company's gross sales increased from 3.2 million kroner in 1978 to 4.1 billion kroner in 1979. Norol's sales increased more sharply than the total consumption, so that its share of the market rose from 24 percent in 1978 to 25 percent in 1979.

In line with Norwegian tax regulations the FIFO principle is used, in which products first acquired are the first sold. In a year with such sharp price increases as we had for crude oil last year, this gave a considerable inventory gain. If Norol had used the FIFO method, with which the last products in are the first sold, the company's accounts would have been 200 million kroner weaker, according to management.

Norol's share capital at the first of the year was increased by 200 million in connection with the company's becoming a wholly owned subsidiary of Statoil. At the same time the responsible loan capital of 220 million kronor was repaid plus interest of 22 million. After the year's profits there remains an uncovered deficit of 60 million kroner from before. Income from the total capital amounted to 12 percent.

Norol's sales came to 2.8 million tons in 1979, an increase of 92,000 tons from 1978. Exports amounted to 724,000 tons which is somewhat lower than the year before. The prices on the so-called Rotterdam market, which have decisive importance for Norol's export prices, were more than doubled in

1979. In the first part of 1980, however, there was a significant decline in these prices.

Ordinary depreciation amounted to 84 million kroner, as against 85 million in 1978. Operating results after depreciation were 156 million kroner, an improvement of 142 million compared with the year before. In addition to better export prices, the improvement was also due to rationalizing actions and shipping operations.

9287
CSO: 3108

BRIEFS

IRAQ OIL PACT--Oslo, 9 Apr--Saga Petrokjemi has signed an agreement with the Ministry of Foreign Affairs in Iraq on technical cooperation in the area of petrochemistry. The agreement was arranged in cooperation with the firm Oildeco in Norway. Saga Petrokjemi reports that the agreement includes assistance with the petrochemical plants in Baree and Basrah in Iraq. Personnel from Iraq will be trained at the petrochemical plant at Bramble. The plants in Iraq produce polyethylene of the same type as Bramble. According to Saga Petrokjemi this agreement has good possibilities for further cooperation on the planning and development of the petrochemical industry. [Text] [Oslo AFTENPOSTEN in Norwegian 9 Apr 80 p 26] 9287

CSO: 3108

BRIEFS

KC-130H AIRCRAFT--The Spanish Air Force has ordered one KC-130H airplane for in-flight refueling [of other aircraft]. Delivery of this planes is expected during the first quarter of 1981. It has also been learned that 5 of the 12 other KC-130H's in service with the air force will be modified for in-flight refueling (as a secondary mission). [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French May 80 p 7]

CSO: 3100

SWISS, IRANIAN TRADE CONNECTIONS REVITALIZED

Zurich NEUE ZUERCHER ZEITUNG in German 26 Apr 80 p 13

[Article by rg: "Revitalization of Iranian-Swiss Trade"]

[Text] The long-standing political turbulence in Iran has also affected bilateral trade between Iran and Switzerland. The exchange of goods with this OPEC trading partner, which, in 1979 too, was the second most important one for Switzerland after Saudi Arabia, decreased by more than 50 percent last year (see NZZ No 51), and the future prospects are being evaluated very differently by various companies and organizations involved in Iranian trade.

The Boom Years of 1976 and 1977

As can be seen in the table, Swiss exports to Iran intensified primarily in 1974 and 1975 and reached their high point in the following 2 years. For Switzerland, which has been plagued with the most severe recession of the postwar era since the mid-1970's, the jump in exports to Iran in these years meant a real boost to the economy. Iran's importance as an importer of Swiss goods also manifests itself in the proportion of exports to Iran in comparison with the entire export volume. But after the boom years of 1976 and 1977, the amount of exports to Iran decreased in 1978 and fell another 52.2 percent in 1979 when compared with the previous year. All economic branches were affected by this massive decrease last year; most heavily affected were metals and metal goods with a percentual decrease of 68 percent (-42.8 million francs), as well as machines and equipment with a decrease of 59 percent (-164.9 million francs) when compared with 1978. Only the chemical and pharmaceutical industries were able to keep these losses in exports low with a percentual decrease of "only" 3 percent.

Trade Balance Between Switzerland and Iran

Year	Imports in Millions of Francs	Percentage of Total Swiss Imports	Exports in Millions of Francs	Percentage of Total Swiss Exports	Balance in Millions of Francs
1970	44.0	0.16	202.3	0.91	+ 158.3
1971	52.5	0.18	203.7	0.86	+ 151.2
1972	64.1	0.20	300.4	1.15	+ 236.3
1973	103.4	0.28	321.9	1.07	+ 218.5
1974	100.4	0.23	454.8	1.29	+ 354.4
1975	100.0	0.29	628.4	1.88	+ 528.4
1976	192.3	0.52	761.2	2.06	+ 568.9
1977	237.5	0.55	870.3	2.06	+ 632.8
1978	145.9	0.34	686.2	1.64	+ 540.3
1979	79.3	0.16	368.0	0.84	+ 288.7

Imports from Iran developed simultaneously with exports. Under the shah's regime imports of crude oil--refined oil products have traditionally not been imported from Iran to a large extent--increased considerably from 1975 to 1977 and constituted more than 74 percent of all imports from this country in the peak year of 1976. In 1979 the proportion of crude oil imports constituted only about 21 percent of all imports from Iran, although the value of imports in 1979 decreased by 66.6 percent to 79.3 million francs over the previous year.

Low Crude Oil Dependence on Iran

Any fulminations by Khomeyni could hardly affect Switzerland at all today. As can be deduced from the chart, Swiss dependence on crude oil from Iran declined massively last year. In 1977 crude oil imports constituted 685,991 tons, corresponding to a proportion of 16.5 percent of all the crude oil imported, but in 1979 these imports fell to a modest 62,772 tons, or 1.5 percent of the total crude oil imports of 4,203,408 tons. This decrease in imports was evidently compensated for by increased imports from Saudi Arabia last year.

Trade Between Switzerland and Iran

	1979 (Jan-March)		1980 (Jan-March)		
Swiss Imports	Mill. Fr.	Proportion in Percent	Mill. Fr.	Proportion in Percent	Change in Percent
Agricultural Products	1.8	10	2.2	6	+ 22
Crude Oil	3.6	19	18.1	48	+ 403
Carpets	10.0	53	15.9	42	+ 59
Costume Jewelry	3.0	16	--	--	- 100
Miscellaneous	0.5	2	1.3	4	+ 160
Swiss Exports					
Chemicals and Pharmaceuticals	12.8	34	54.4	58	+ 325
Textiles	2.7	7	6.4	7	+ 137
Precious Metals					
Costume Jewelry, etc.	0.1	-	3.4	3	+3300
Metal goods	3.3	9	5.8	6	+ 76
Machinery	16.5	44	12.9	14	- 22
Watches	0.3	1	7.3	8	+2333
Miscellaneous	2.0	5	4.1	4	+ 105

Surprising Quarterly Results for 1980

Although the present political situation in Iran still does not portend much optimism, bilateral trade between Iran and Switzerland intensified in the first 3 months of the current year regardless of the political turmoil (see chart). With the exception of machinery and equipment, all other export branches showed, in part, very strong growth rates when compared with the same period last year. The Iranian economy appears to be developing a certain inherent dynamics which does not always concur with the economic guidelines laid down officially and politically. This is expressed in the fact that, for example, the export of Swiss luxury consumer articles increased in the first 3 months of 1980 -- although it is still at a low level.

Varying Assessments of the Situation

Whether these recent figures mark a change in the trends of trade relations between Iran and Switzerland or whether this only involves a "short-term peak" is difficult to evaluate. Furthermore, it must also be taken into consideration that in the first quarter of 1979 the political and economic chaos achieved its high-point and therefore these growth rates have to be

made relative. The Iranian-Swiss Chamber of Commerce shows "dampened optimism" and is of the opinion that bilateral trade between Iran and Switzerland will continue to increase. This hope is strengthened by the indisputable fact that Iran has remained a solvent trading partner thanks to its income from crude oil. The past difficulties with this country, which were based more on the unwillingness to pay for various projects initiated by the shah rather than on the incapacity to pay for these, are surprisingly minimal today. Representatives of the Chamber of Commerce also note that only Mobag experienced heavy losses in business dealings with Iran and that the textile, pharmaceutical and chemical industries have never had such good business with Iran as they do today.

Statistics on the Origins of Swiss Imports of Crude Oil

	1977	1978	1979	
	Proportion In Percent	Proportion In Percent	Tons	Proportion In Percent
Iran	16.5	12.5	62 773	1.5
Arab Emirates	46.4	33.4	1 350 619	32.1
Saudi Arabia	2.8	3.8	610 171	14.5
Qatar	0.8	1.6	123 104	2.9
Algeria	9.7	3.3	437 337	10.4
Libya	7.8	24.1	979 496	23.3
Nigeria	13.8	13.9	445 822	10.6
Egypt	--	1.1	----	--
Tunisia	--	--	144 978	3.5
USSR	2.2	6.3	49 109	1.2
Total	100.0	100.0	4 203 409	100.0

The situation is assessed much more pessimistically by representatives of the Export Risk Guarantee (ERG). The confederation's ERG today only covers letter of credit transactions and only up to 75 percent. As was learned, the level of insurance provided by the Export Risk Guarantee constituted more than 0.5 billion francs in 1979; around 20 million francs were paid out in 1979 for damages resulting from trade with Iran. Yet in the first 3 months of this year alone, damages have already totaled several million francs.

In the machine industry as well the immediate future is viewed somewhat skeptically. Even though the 1979 business year showed positive developments, even more than was assumed at the beginning of last year when the Iranian economy was at a virtual standstill, trade with Iran, they say, is today still on the "low burner." Transactions on a modest level are still

possible today, but no large projects are currently being considered to the degree that such projects were agreed upon a few years ago. Even so, the current large projects are progressing satisfactorily and without any great difficulties.

The construction industry is presented with a more difficult situation. It not only sees no prospect for new construction projects but rather is experiencing great difficulties in fulfilling the existing contracts. The two dam building projects launched by Losinger AG together with an Austrian partner in 1974 and 1976 in southern Iran, which, on conclusion of the contract, had a contract value of about 300 million francs, have been discontinued since January 1979 because of the Iranian revolution, although at that time one project was 85 percent completed and the other 45 percent completed. Since then, despite intensive efforts--even with the use of diplomatic channels--there has been no success in resuming the work. There is no "proper" negotiation partner and the Iranian authorities are not willing or not able to make the necessary decisions. At the moment, however, it is still not certain whether both dams will be completed; since August, 1979 Losinger has completely withdrawn from Iran.

9527
CSO: 3103

TURKISH SUPPORT FOR IRAN EMBARGO CALLED INCONCEIVABLE

Istanbul GUNAYDIN in Turkish 13 Apr 80 p 3

[Article by Necati Zincirkiran in the "Pressure Cooker" column: "Turkey Cannot Be Party to It"]

[Text] These days the world's eyes and ears are on the Mideast again. When the hopes to gain the release of the 50 American diplomats, held hostage in Tehran by Iranian students for the past 5 months, were dashed once again, the United States announced that it will apply certain sanctions against Iran.

What type of sanctions will they be?

From all indications, they will fall into three categories: political, economical and military. As a matter of fact, 2 days ago, the United States mobilized all its NATO partners. Major nations of the EEC, through their envoys in Tehran, began to exert pressure on the Iranian government. They demanded that Iran name a date, at which time the hostages will be freed.

As the political pressure continued, the envisioned economic embargo began to take shape. The United States wants all its friends and allies to back the economic embargo it plans to apply against Iran. Iran, however, has already issued an unmistakably clear warning that oil shipments will be cut off to any country which supports the embargo.

The EEC countries purchase 650,000 barrels of oil a day from Iran and sell a significant amount of goods to Iran. If these nations join the embargo, not only will their external revenues drop drastically, they will also find themselves without oil. That is why, they believe it will be better at this time to press with efforts to find a solution to the problem by alleviating the tension through political means. But it has not stopped U.S. Vice President Christopher Warren [as published] from making threatening remarks directed at the EEC nations.

Christopher says:

"Should our allies insist on using their dependence on Iranian oil as a pretext to withold their support of the embargo, the United States will not

hesitate to take steps which may also prove harmful to the interests of those countries."

What are these steps?

Reportedly, the powerful U.S. fleet, which was deployed to the Persian Gulf area some time ago, will mine all Iranian oil ports in a matter of 24 hours. Since tankers will be unable to enter or leave these ports, exportation of oil will come to a halt, and naturally, food and other necessities will not reach the Iranian ports either. Iran, its oil exports cut off, will go broke, suffer food shortages, and finally, will reach the point where it will say, "I've had it." It will ultimately lead to the release of the hostages.

In our estimation, there is the possibility that these calculations may prove to be wrong. How effective can an economic embargo be when applied to a country where one-half of the population goes without adequate food anyhow? Shouldn't it be taken into account? Neither should we overlook the fact that the student captors have threatened to kill the hostages in the event of an intervention.

Meanwhile, will Iran's next-door neighbor Turkey turn down Tehran's requests? In other words, if Khomeini asks for foodstuffs, will Turkey refuse to send them? It is indeed out of the question for Turkey, which itself has been critical of the embargo enforced on it by the United States, to participate in an embargo against Iran. Last but not least, Turkey cannot be party to, or approve of, a sanction envisioned against an Islamic country. This, in fact, is also the Ankara government's announced official view on the matter.

We will remain impartial, and we will sell food and other goods, if Iran asks for them. Let the United States enforce its embargo, but let it not get us mixed up in this business.

7244
CSO: 4907

SOVIETS SEEK REMOVAL OF AFGHAN ISSUE FROM CONFERENCE AGENDA

Istanbul GUNAYDIN in Turkish 24 Apr 80 p 3

[Text] Nilufer Yalcin reporting from Ankara--The Soviet Union is trying to block the discussion of the Soviet invasion of Afghanistan at the Islamic Conference session scheduled for mid-May in Islamabad, Pakistan.

It was learned that the Soviets have undertaken initiatives on this matter in several Islamic countries, among them Turkey, where the Soviet request was presented by the Soviet Ambassador to Ankara Rodinov.

Foreign Minister Erkmen, before he left for Luxembourg 2 days ago, received Ambassador Rodinov. The meeting, which lasted 1 hour, was requested by the Soviet envoy. Rodinov asked that the item on the Soviet military action in Afghanistan be dropped from the conference agenda, and suggested that submitting the issue for a debate, and new round of voting, should be blocked.

According to our information, when the Soviet envoy explained his government's position to the Turkish foreign minister, he did not say anything on whether the Soviets will end their military occupation of Afghanistan, or if they plan to withdraw their forces from that country. The Soviet ambassador claimed that the Afghanistan question was brought to the Islamic Conference for the sole purpose of perpetuating the anti-Soviet propaganda, that it was being used for this purpose by the opponents of the Soviet Union, and therefore, raising the question at the conference once again would result in increased tension in the area.

In response, the Turkish foreign minister reminded the Soviet ambassador of the decision taken by the Islamic Conference in its emergency session in Islamabad following the Afghanistan invasion. The Islamic Conference resolved in the said meeting that as long as the Soviet military force remained in Afghanistan and continued to threaten the peace in the region, the conference will keep the Afghanistan issue on its agenda and will review new developments in each of its sessions. Foreign Minister Erkmen, underlining the fact that about 40 Islamic nations participating in the conference had adopted the resolution unanimously, expressed doubt that a debate on Afghanistan could be blocked, if the situation did not change before the May

meeting. Mr Erkmen stressed that Turkey was following a policy in support of a peaceful and negotiated settlement of the tensions in the region, and was against external interference into the affairs of the regional nations. He also pointed out that Turkey viewed the U.S.-Iran dispute within the framework of the same policy concept.

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CSO: 4907

CONTRACT TALKS BETWEEN TURK-IS, GOVERNMENT CONTINUE

Istanbul CUMHURIYET in Turkish 22 Apr 80 p 5

[Excerpt] The Turk-Is Executive Council wants a new meeting with Prime Minister Demirel to tender the confederation's demands.

It was stated in a Turk-Is announcement that the proposals to be given Prime Minister Demirel will be submitted the same day to political party leaders who have authority in parliament.

It was noted that the demands to be given the prime minister were fixed at the end of meetings that the Turk-Is Executive Council held on 9 April and between 10-12 April.

The announcement states that only the outstanding issues will be submitted to Demirel in the form of a list that has been readied several times since 7 December 1979.

With regard to the THY strike, it states:

"It is desired that Prime Minister Demirel find a solution posthaste to the dispute between Turkish Airways and Hava-Is [Turkish Civil Aviation Workers Union] which results in greater losses to the nation's economy every day because of its dragging on."

Moreover, Hava-Is General Chairman Ibrahim Ozturk said, "We are in favor of THY aircraft flying without further delay." Ozturk also said that developments have entered a hopeful stage.

It is reported that the talks, which were called off because of the strike and lockout that have continued for 2 months over disagreements, started unofficially and have entered a hopeful stage.

While it was noted that losses due to flight stoppage have exceeded 4.5 billion lira, it has been stated that management still has not submitted its own proposal.

The Hava-Is chairman responded to the queston, "Will flights start this weekend"? by saying, "Developments are on a positive path; we are hopeful in that regard."

The third meeting between Turk-Is and government officials is to be held today at 1500 in the office of the State Planning Organization deputy director and will concern labor contracts in state economic enterprises that effect 670 thousand workers in 16 major divisions of labor.

It has been learned that some of the technical details of the labor contracts will be dealt with at today's meeting in which Prime Ministerial Advisor and State Planning Organization Deputy Director Turgut Ozal and Turk-Is Labor Contracts Coordination Council members will participate.

With regard to the meeting, it has been stated that the Turk-Is Coordination Council has made all manner of necessary preparations to enable the contract negotiations--which began in the pubic sector and which concern 670 thousand workers in 16 major divisions of labor--to conclude without dragging on. The Turk-Is Coordination Council, which is gathering detailed information from the general chairmen of the unions that will sign the labor contract, will participate in today's meeting armed with this information. The manner in which the main articles desired for the contract are to be constituted is contained in the information and proposals.

It was disclosed that a consensus was reached on 15 issues in the second meeting with government officials at Turk-Is headquarters.

Accordingly, the number of workers included in the labor contract, the contract's start and finish dates, pay raises, bonuses, fuel, severance pay, family assistance, leave pay, children's assistance, clothing assistance, number of leave days, tax service, feed assistance, and duration of contract will be standardized in all public sector contracts. Also, efforts will be made to overcome major discrepancies in these contracts.

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TURK-IS SEEKS STANDARD LABOR ACCORD FOR KIT'S

Istanbul TERCUMAN in Turkish 16 Apr 80 p 5

[Text] Ankara (AKAJANS [Mediterranean News Agency])--Turk-Is [Confederation of Turkish Labor Unions] formed a 10-man "Contract Coordination Board" within its administrative body to deal with questions related to the future labor contracts in the public sector.

It will be remembered that recently a "Prime Ministry Contract Coordination Board" was set up by force of the circular issued by the Prime Ministry.

According to the information obtained by an AKAJANS correspondent, the Turk-Is coordination board was established in response to the Prime Ministry's move. The Turk-Is board, which is headed by the confederation's President General Ibrahim Denizcier, consists of the following labor leaders:

Sadik Side, Turk-Is secretary general; Omer Ergun, secretary general for financial affairs; Kaya Ozdemir, secretary general for educational affairs; Orhan Ercelik, secretary general for organizational affairs; Emin Kul, president general of the Deniz Ulas-Is [Turkish Seaman's] Federation and deputy president general of Turk-Is; Halit Misirlioglu, president general of the Maden [Mine Workers] Federation; Serafettin Akova, president of the DYF-Is [Turkish Railway Workers] Federation, and Ahmet Kurt, president general of the Liket-Is [Turkish Longshoremen's Union].

The coordination board of the Prime Ministry is headed by Kazim Oksav, an assistant undersecretary of the Prime Ministry. The board includes Omer Aksu, Tevfik Erturun, Hasan Lav, Alptekin Erdogan and Yusuf Hamur.

It was learned that the two sides had a meeting at the Turk-Is headquarters and exchanged views on the general principles that serve as the basis of the recently opened contract negotiations in the public sector. These contracts will cover about 760,000 workers.

The meeting was held 2 days ago, lasted 3 hours from 1600 to 1900, and resulted in an agreement between the two sides to review all the labor contracts of the KIT's [State Economic Enterprises] in order to take stock of the current situation.

According to our information, the ultimate purpose is to prepare uniform contracts for all the KIT's. It is, however, underlined that this is not something that can be accomplished overnight, but will take some time. An alternate plan is to prepare several contract models and let each establishment of work pattern its contract after one of the models.

The meeting also produced a decision to hold further discussions on 22 April, this time at the Undersecretariat of the DPT [State Planning Organization]. Turgut Ozal, undersecretary of the Prime Ministry and deputy undersecretary of the DPT, is expected to attend the next meeting, which is designed to give the participants an opportunity to evaluate the information at hand before they tackle technical matters.

It was also learned that the IMF representative in Ankara, an American expert, visited the Turk-Is leader, Ibrahim Denizcier, 2 weeks ago and asked him what he thought of applying the "sliding scale" system to workers' wages. Denizcier, reportedly, said he had nothing against the sliding-scale system--a system widely used in Europe--provided workers do not have to give up their earned rights and workers' wages respond to inflation without delay. Denizcier is said to have explained that the system was viewed with reservation for fear that it may lead to the abandonment of the "negotiated contract" practice.

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TURK-IS THREATENS ACTION IN RESPONSE TO LEGISLATIVE INERTIA

Istanbul AYDINLIK in Turkish 15 Apr 80 pp 1, 6

[Text] The Turk-Is [Confederation of Turkish Labor Unions] Administrative Board wound up its work under the chairmanship of President General Ibrahim Denizciar with a resolution to take effective action if the repeatedly proposed draft laws with a social content do not clear the assemblies, or no serious effort is made to resolve those matters by the end of May.

The Turk-Is Administrative Board meeting was in the nature of a continuation of the 9 April session of Turk-Is administrators. The communique issued by the board dealt with the following issues.

'Terrorism and Rising Prices Frustrate Citizens'

"Economic difficulties are continuing with growing intensity. Failure to take measures, despite the frequent urgings of the Turk-Is for action, has resulted in a rapid multiplication of economic problems. The absence of controls has sent prices to heights beyond the citizen's reach.

"The picture before us should be studied seriously by all political parties and by the government in particular. On one side we have uncontrollable anarchy and terrorism directed at ordinary people. Criminals are killing 5 to 10 innocent people daily.

"Security of life and property is under a grave threat. Labor peace is shattered. We have reached a plateau where the next occurence might be polarization and a breakdown of the worker-employer dialogue.

"On the other side we have anarchy in the economic area. It has dealt a bewildering blow to the citizen's efforts to make ends meet. To allow the situation to continue as is is unthinkable. Steps must be taken without delay to stop the anarchy and terrorism, which already have assumed grave proportions, before more blood is shed, and to provide for the Turkish people a peaceful atmosphere to live and work in.

"The draft laws with a social content, awaiting parliamentary debate, must be guided through the assemblies with celerity before the mounting economic difficulties crush the besieged citizen."

'Repeal of Workers' Rights Will Not Be Tolerated'

"It is with deep regret and concern that we observe the large-scale attacks on workers' rights by employers who are using the economically difficult times to pursue efforts to suspend or abridge workers' rights, and are waiting for an opportunity to press for their total repeal. We want to draw attention to our extreme sensitivity about our basic rights and liberties guaranteed under the 1961 Constitution which was adopted by the votes of our great nation. Any abridgement of these rights and liberties, any move to suspend or abolish them will be categorically resisted by the Turk-Is community."

'Presidential Election Procedure Must Be Brought to a Speedy Conclusion'

"As dictated by our free and democratic system, the parliament, for close to a month now, has devoted its time exclusively to the election of a president. Meanwhile, draft laws with a social content, which are of vital interest to millions of Turks, are awaiting legislative action, as they have done for years before the election deadlock. The Turk-Is Administrative Board urges all political parties and parliamentarians to act in a spirit of justice and compassion to bring the presidential election to a rapid conclusion and to turn at once to the draft laws, amendments and proposals conceived as a solution to the difficulties which beset a large majority of our people."

'Minimum Subsistence Allowance Should Not Be Delayed'

"There is an urgent need for quick action on pending tax laws which are designed to collect higher taxes from high-income groups and lower taxes from low-income groups, to exempt the minimum subsistence allowance from tax while raising it to the minimum-wage level, and to redefine tax brackets. There should be no further delay on these legislations.

"Truly equitable taxation will motivate the working people and increase productivity.

"The administrative board has resolved to make a final effort to bring these problem areas, where solutions are overdue, to the attention of the political parties which have groups in the parliament."

'Social Bills Cannot Wait Longer'

"Our draft laws with a social content have been patiently revised and rewritten a number of times and submitted to the government, political parties and assembly chairmen. Most of those bills are still waiting for attention and a place on the agenda. We remind our political parties that it is their unavoidable duty to pass through the assemblies without further delay the legislative proposals on the following subjects: Worker-employee [blue- and white-collar workers] distinction; Social Insurances Institutions reform; recognition of priority to the Agricultural and

Forestry Labor Law, and changes in the current version of the law to make it more responsive to needs; revision of Law 440 to ensure worker participation in management; IYAK (Workers Mutual Assistance) Law; revision of the Cooperatives Law in the light of current conditions; rehabilitation- and development-related provisions in relation with the employment of disabled persons and former convicts; Social Housing Institution Law, and others. The task of completing work on these matters must be carried out in the interest of our democracy, its protection and growth."

'The Sliding-Scale Proposal Should Be Withdrawn'

"The Sliding-Scale Draft Law submitted to the parliament is a monstrosity. The version before the assemblies may lead to the abolition of contract negotiation and strike rights. It must be withdrawn and rewritten.

"Covert and behind-the-scenes preparations, or passage of laws just to please the employer will shake the labor peace at its roots. This point should never be forgotten."

Strikes and Lockouts

"A systematic effort aimed at abolishing the rights that workers obtained after long years of struggle has been exposed. As part of this effort, fully justified strikes are described to the public as ideologically motivated acts and an erroneous image is created. It is unfortunate that a strike and a lockout escalated the labor dispute between the Turkish Airways and the Hava-Is [Civil Aviation Workers Union] to the present stage. The Turk-Is Administrative Board urges the parties involved to drop immediately all unjustified and unfounded charges, to resolve the dispute in consideration of the detrimental effect it is having on the nation's desperately needed foreign exchange revenue in the tourism field, and to bring the strike and the lockout to a speedy end."

The Board Condemns Lockout Practice, Calls for an End to Worker and Employee Purge

"One of the most harmful practices in Turkey's political life is the purge of employees in state agencies and Public Economic Enterprises after every government change. Reassignments, dismissals and [internal] exiles, which encompass everyone from the top-level administrative officers down to the workers and employees at the lowest level, are socially disasterous occurences.

"In a country where unemployment is a growing, grave problem, purges among employees and workers deal a tragic blow to numerous families.

"This sad situation must be rectified as soon as possible. All our political parties, particularly the government party, must address themselves to what has become an urgent problem, and they must stop this practice. We call on them to adopt a stand in keeping with the principles of a social state."

May Deadline

"Workers are not the only ones to run out of patience. Our demands and proposals to a large degree reflect the problems encountered by all segments of the society, and they will be submitted to the government and all political parties.

"We expect to see by the end of May serious efforts and action aimed at the solution of these problems. The Administrative Board of Turk-Is is instructing the confederation's executive body to complete all preparations for a general and effective action to be taken in the event there is no meaningful movement towards the solution of the problems by the end of May. The form and the date of the action will be determined and announced later.

"The Turk-Is Administrative Board is expecting convincing and conclusive action that will protect [workers'] rights, and ease the living conditions of fixed- and low-income people.

"If these results are not obtained, all rights provided under the Constitution and other laws will be fully used."

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RESISTANCE TO IMPOSITION OF NEW ECONOMIC MODEL URGED

Istanbul MILLIYET in Turkish 12 Apr 80 p 2

[Article by Mumtaz Soysal in the "The Angle" column: "Transforming Negative Into Positive"]

[Text] The young Turkish democracy is facing still another serious threat.

The latest threat, contrary to the general belief, does not stem from the acts of violence, nor from the secret schemes of the furtive advocates of a "De Gaullist constitution."

The threat arises from the economic model being imposed on us for the sake of obtaining foreign aid.

The basis of the model is the practice of maintaining a certain differential between the rate of price increases and the rate of wage increases, thereby facilitating capital accumulation, hence, investments. Even though it appears that the gap may be closed over time, and regardless of the plan to tie the wage level to price increases by the adoption of the "sliding-scale" system, "clever timing and planning will no doubt lead to the use of labor, at least periodically, at low wages, and ultimately, workers, whether white- or blue-collar, will find themselves at the losing end of the deal.

Besides, in an order, deprived of serious planning, but dominated by an anarchy of technology in every sense of the word, the surest way to raise productivity is to reduce wages, or if nothing else, to keep the rate of wage increases below the level of increases in the rest of the cost factors.

The pressure that this model puts on Turkey's labor system, which features collective bargaining, negotiated contracts and the right to strike, among others, has already become apparent. An increasing number of people have begun to press for freezing wages, under the pretext of adopting a sliding-scale system. They call for a freeze on other things also--prices, discounts, dividends--but for those who know well what can or cannot be frozen, their ulterior motive is not hard to see.

The plan will inevitably set off explosions. In fact, explosions are part of the model, they are desirable. Explosions provide the excuse to replace the existing labor system, with the use of authoritarian means, with another free of bargaining, contracts and strikes. It is virtually impossible to make the proposed model work while those practices remain in force.

The ultimate goal will be within reach when strikes become chronic, the worker is driven into desperation and runs out of patience. That's when disturbances occur. The military is called in, blood is shed. Then, to prevent further bloodshed, an authoritarian stand is taken and the current system is suspended. One does not have to be a prophet to predict where this practice, which is already being rehearsed on a smaller scale, will lead up to.

The emerging picture is negative, and in terms of the future of our democracy, the first impression is pessimistic. Nowhere in the world do we see a case which demonstrates that this model can work in a system as Turkey's, which is characterized by freedom and workers' rights. South Korea, Brazil, Philippines and Chile, among others, provide examples to the negative nature of the political byproducts of the model.

In Turkey, the champions of leftist models are, in fact, deeply sincere in their assertions that they are more prodemocracy than anyone else. In Turkey, for democracy and accelerated development to survive together there have to be serious planning, social justice and an egalitarian order that assures a balanced distribution of sacrifices.

The pressure that the proposed model exerts on the working people has created a unique opportunity to raise the political consciousness of the working masses and to establish the dialogues essential to that process.

Even more important than that it puts in high relief the responsibility that befalls labor organizations in the safeguarding of democracy.

This is the affirmative aspect of the negative.

Transformation of the negative into affirmative demands extreme care, subtlety and responsible action from the leaders of both the labor and the parties on the left.

Let us take a look at how this unique opportunity is used, let's say, by the RPP which describes itself as the largest leftist party, and by the DISK [Confederation of Revolutionary Labor Unions], which is said to have the highest political consciousness among all labor organizations. Is there a meaningful dialogue between this party and the labor organization? Are they making an effort to put their joint weight behind democracy and the existing labor system? Suppose the RPP leader comes forth and, as Ismet Inonu once did, garners the support of the intelligent segments of the society and declares that he will bring the heavens crashing down on

the head of anyone who so much as attempts to destroy democracy and abolish workers' rights? Will anyone dare imitate Marcos, or Pinochet?

Now is not the time to continue past incompetencies, old feuds, aloof attitudes. Politicians devoted to democracy and union leaders who believe in the value of labor are facing a challenge. They must join hands, tear up foreign-imposed models and throw the pieces at the face of the enemies of democracy and labor.

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FORMER TRT DIRECTOR REJECTS NOTION OF MILITARY INTERVENTION

Istanbul HURRIYET in Turkish 16 Apr 80 p 8

[Article by Ismail Cem, former head of the Turkish Radio and Television,Inc., in the "In Pursuit of Events" column: "'Military Intervention'"]

[Text] In recent months, the words "Turkey" and "military intervention" have appeared together quite frequently in the Western press. These press reports, quoted by local papers, claim that the serious problems in Turkey will lead to a military coup because Turkey will not be able to find an alternative solution for the difficulties it is facing. Our Western colleagues, for reasons unknown to us, think of a military regime as a very suitable government for Turkey. It sounds as if they checked with a fortune teller, and that is why, they now have their eyes turned to the East and are waiting for "the man on the horse" to appear in Turkey's horizon.

Everyone is indeed entitled to his opinion. Sometimes, however, Western journalists--locals, too--think of a military regime in terms of a phenomenon, isolated from and unrelated to the realities in a country, as if it were something that descends on a nation out of the blue. Following an analytic, even scholastic, pattern they have developed and stuck to for 50 years, they add up factors "a" and "b," and announce to the world that the inevitable outcome is "c."

Is it really so simple?

The natural evolution of pluralistic democracies entails correcting shortcomings and civilienization, while moving towards democracy. Disruption of this natural process by a military intervention grows out of specific internal and external conditions, as illustrated in Turkey in 1960 and 1971, in Greece in 1967, and in Chile in 1973. Virtually endless varieties of factors open the way to such a situation, or as seen in some case , make it far more difficult for events to take a turn in that direction. When factors like a significant turbulence in the international situation, extent of democracy, balance of internal social forces, and a number of other phenomena exist simultaneously and move in the same direction, they do create a climate ripe for a military intervention. However, when these very same

factors vary in quality, or move in different directions, their mere existance is not sufficient to create a similar climate.

A single factor all by itself does not signify anything. Its significance is contingent on the presence of other factors. Experiences in Turkey bear this out. In 1960, death of two persons--by accident yet--became the rationale of the 27 May movement. The 12 March movement, on the other hand, used the "fraternal quarrel" to justify itself, but if "fraternal quarrel" were a determining factor by itself, we should have had an intervention every month in the post-1975 period.

To sum up,a"military intervention" that the Western press forecasts on the basis of one or two observations is essentially a very complex, multifaceted and multifactorial occurance.

A "military intervention" in a democracy is closely related to external factors and international balances, and also the pressure created by these factors and balances. This is the general observation.

Now, the question is if there is anything in Turkey's current external relations and on the international scene that may evoke a military intervention.

Possibility of error in the evaluation of this type of matters notwithstanding,there isn't such a situation at the present. From the viewpoint of the external powers with whom Turkey has ties,a situation where a military regime in Turkey would be preferable to a civilian government,regardless of consequences,does not exist. Neither do we observe any external factors which may force a change of regime in Turkey, unless the United States, or the Soviet Union, intervene in Iran and new states are formed on Iranian territory.

As for domestic factors, the Western press sees the continuing terrorism as an undisputable ground for military intervention and talks of an imminent coup.

The facts which may not be observable from a distance are the following: Turkey, in its continuing battle against terrorism already has the assistance of its armed forces. Certain modifications the Ecevit government made in the martial law regime have been discontinued by the current government, the military power of the country has been mobilized and is assisting the government. Under the circumstances, changing the regime from "civilian" to "military" will have but little effect on the drive against terrorism. Besides, terrorism is a structural malady of Turkey. Even a more effective antiterrorism drive cannot, by itself, eradicate this malady. Furthermore, some of the terrorist forces make no secret of their desire to see a military regime,since it will create a climate conducive to their growth. Last but not least, it has become obvious that administering Turkey is not an easy job. The responsibility of coping with the nation's economic problems, considering the conditions, has proven to be exhausting and eroding for everyone who has taken it on. Militerization of the regime will not put an

and to the problems. Besides, the leaders of the armed forces have repeatedly demonstrated--as they did in the issue of the protection of the banks by the military--their preference to reduce, instead of expanding, the responsibilities they assume from the civilian administration. These developments may not have been readily visible to the West, but they are known to everyone in Turkey, military and civilian.

A "military intervention" is contingent on a nation's characteristics, its devotion to democracy, the status of the balance among its social forces, and its developmental level. In a country such as Turkey, which has reached a certain social maturity and where democratic practices have already taken root, a perpetual swing back and forth between democracy and military intervention, and a periodic suspension of democracy should not be expected.

To sum up, Turkey will not experience a "military intervention" in the foreseeable future, unless unpredictable, dramatic developments take place in and out of the country. Even then, it can be argued that Turkey's nature is more conducive to the formulation of civilian, rather than military, solutions.

It is unreasonable, nevertheless, to advance arrogant theories. Be that as it may, we believe, contrary to what our Western colleagues say, that when Turkey's domestic and external balances and circumstances, its social structure are evaluated together, the conclusion is, the regime in Turkey will not change--at least, not in the near future.

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WEST GERMAN HELP SOUGHT IN DEBT POSTPONEMENT

Istanbul MILLI GAZETE in Turkish 27 Apr 80 p 4

[Text] Ankara: It has been learned that a request has been made of West Germany for assistance and support in the rescheduling of guaranteed commercial loans totalling 2 billion dollars which Turkey is obliged to repay this year.

According to the information obtained on this topic, it has been announced that a request will be made of the West German government, which exerted "extraordinary" efforts in arranging the new 1.1 billion dollars of aid provided to Turkey by the OECD consortium, to assist also in extending the mid-term guaranteed commercial loans now due for repayment; it has also been stated that a delegation from the Ministry of Foreign Affairs is currently engaged in contacts in West Germany in order to initiate efforts in this matter. It has been reported that a seven-year extension of the "mid-term loans" to be repaid this year, as well as the inclusion of a period of at least three years before payment begins, will be dealt with in these discussions.

Non-Guaranteed Commercial Loans

Meanwhile, it has also been determined that talks will also be held in West Germany on the matter of non-guaranteed commercial loans, which by an agreement announced on 25 January are to be repaid in one of two alternative manners; it has further been suggested that some of the provisions of the agreement which have not been accepted by the creditors may be revised.

According to the information we have obtained on this matter, the repayment has been specified in two forms, either foreign exchange or Turkish lira, on the non-guaranteed commercial debts which first came due in June 1979, as "unilaterally" announced by the Turkish government. However, the lenders, reported to amount to some 98,000 firms [as published], and owed approximately 1.8 billion dollars, have protested this arrangement.

In their objections, the lending firms stated that the terms of payment contain unacceptable provisions, that the 7-percent interest rate specified for repayment is too low, and that the 10-year period of repayment specified for payment in foreign exchange is too long. Circles associated with the Ministry of Finance have said that the agreement on the rescheduling of the non-guaranteed commercial debts has already been announced, and that various initiatives are being expected on the topic of whether or not those affected by the decision will go along with it; meanwhile, circles close to the Ministry of Foreign Affairs have stated that this topic will also be dealt with in the discussions to be held in West Germany on the rescheduling of guaranteed commercial loans.

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SYRIAN INFORMATION MINISTER INTERVIEWED BY OYMEN

Istanbul MILLIYET in Turkish 9 Apr 80 p 7

[Interview by Orsan Oymen]

[Text] Ahmad Iskandar, Syrian Information Minister and a spokesman for the Syrian government, has told MILLIYET that Turkey must control her southern borders in order for both peace in the region and her own internal security to be protected. He said that "We must enter into wide-ranging cooperation if smuggling is to be prevented."

Ahmad Iskandar also said that the CIA-Sadat-Israel triad is playing an active role in the internal disputes and sectarian conflicts within Syria, and that the Syrians are in possession of proof of this.

Our interview with the Syrian government spokesman was as follows:

Question: In reports appearing in the Western media, the Muslim Brotherhood organization is held responsible for the turmoil which has emerged in Syria. In your view, what are the causes of the internal conflicts seen recently in Syria? What are the forces behind this organization?

Answer: The transitory events that have recently appeared in Syria are being carried out by the gang known as the Muslim Brotherhood Party, and by the remnants of capitalism and feudalism. This ephemeral activity is directly related to the plans of the supporters of America, Zionism, and Sadat, which aim at establishing hegemony over our nation, at dividing and then seizing it.

Question: What sort of organization is the Muslim Brotherhood? Is it able to influence certain sectors of society in order to carry out these activities, or are other elements, extraneous to this organization, involved in the turmoil?

Answer: The band of brigands known as the Muslim Brotherhood mask their political activities under the guise of religion. Our people have rejected them and opposed them ever since the early 1950's.

Question: You have said that the Muslim Brotherhood movement is an element of the plans of the Americans. Do you have concrete evidence that proves this?

Answer: Yes. Investigations which we have carried out prove this conclusively. An additional proof is the timing of this activity, and what purpose this timing serves. At the present time, efforts to weaken Syria serve only the interests of the USA, Israel, and Sadat. Sadat has not concealed the support which he provides to this gang; when he visited occupied Jerusalem and declined to visit Syria, he did not conceal the fact that he provides support to these renegades. Sadat has said that blood will be spilled in Syria. Sadat's threat was put into practice by his American and Israeli friends' supporting the Muslim Brotherhood. As for the terrorist Begin, he has gone even further and has said that "If Syria wants to solve its internal problems, it should seek ways of developing relations with Isreal." Today, anyone who follows the American, Egyptian, and Israeli press can perceive the connection between the Muslim Brothers and the CIA. The Arab Socialist Ba'ath Party has been in the government for 17 years, and has been active in Syria for 30 years. Why did they notice that the Ba'ath Party is a socialist and secular party only after the Camp David agreement, and not long ago?

Question: In other words, you are saying that the CIA is openly active in Syria today?

Answer: Yes.

Aid for Iran

Question: The Iraq - Iran dispute occurred at the same time as President Carter applied economic sanctions and initiated an embargo against Iran. Is this mere coincidence?

Answer: We supported the Iranian revolution from its inception, even before it attained success. Iran must reach stability as soon as possible. The attacks currently being aimed against Iran serve only the regional interests of Zionism and American Imperialism. Everyone who believes in freedom and progress must support the Iranian revolution, so that it can be successful and attain stability.

Question: With these words, are you not attaching blame to the government of Iraq, vis-a-vis the border clashes?

Answer: The Iraqi government has never assumed a friendly stance toward the popular movement in Iran. Moreover, the Iraqi government had close

and friendly relations with the deposed Shah both during and even before his reign. In talks with our Iraqi brothers, we have drawn attention to these facts and imparted the necessary warnings.

Question: Have there been no internal factors involved in the recent incidents which have taken place in Syria? For instance, was no part played by favoritism in the government, or by sectarian causes?

Answer: Syria has never had sectarian or ethnic problems. We are Muslims. You are aware that there are 72 different sects within Islam, but that they are all subsumed in Islam. In fact, even within the different sects there may be various subgroups. When the French occupied Syria, they wanted to divide our country on a regional and sectarian basis... in order to apply the "divide and rule" policy. All the people of Syria rejected these plans and struggled until they threw the colonialists out. One of Syria's greatest Prime Ministers was a Christian. The first treatment of these topics in the Western press began just after Sadat's betrayal of the Arab nation; these efforts aim at furthering the Camp David agreements and the racist plans of Israel. Our Turkish brothers, with whom we have many long-established ties, know well that we have no sectarian problems. Discussion of this subject and these charges is brought up in order for the "divide and rule" policy of the old Colonialism to be successful. These topics are discussed only outside of our nation. This is a trick, and a trick of which our people are well aware.

Turkey's Role

Question: In your view, what role can Turkey play in order for the peace and security of the region to be defended?

Answer: As long as the Turkish government is successful in controlling the common border against smugglers and other outlaws, Turkey will contribute greatly to the maintenance of peace and security, both within Turkey and within Syria.

Question: What steps has your country taken in order for smuggling between Turkey and Syria to be prevented? Can a close cooperation between Turkey and Syria be carried out in this regard?

Answer: In accordance with an agreement that has already been reached, the governors along both sides of the border are currently cooperating with each other. Yet we would like even more extensive cooperation.

Question: You have said that Turkey's maintaining control over the border would aid in ensuring security in both countries. By this, do you mean that you consider smuggling from Turkey to be responsible for the incidents in Syria?

Answer: Smuggling goes in both directions. This is a fact; it's nothing new. Responsibility in this matter must be divided between both nations. They have a joint responsibility. The customs officials of both nations have a common responsibility to assume in the matter of smuggling.

9173
CSO: 4907

DEALINGS WITH EUROPEAN INVESTMENT BANK REVIEWED

Ankara TURKIYE IKTISAT GAZETESI in Turkish 27 Mar 80 pp 4, 7

[Article: "European Investment Bank and Turkey: 1965-1979"; no footnotes given]

[Text] The EEC-Turkish cooperation incorporates a special monetary section. This section envisages EEC contributions to the development of Turkey by means of long-term credits for the financing of producer-oriented investments.

The credits are provided by the European Investment Bank.

The European Investment Bank [EIB], which opened its doors on 1 January 1958, was founded by the Rome Treaty which led to the emergence of the European Economic Community. The bank is a nonprofit, independent, civil law institution in the EEC structure. The bank's capital,[1] consisting of 7,087.5 million units of account, came from capital which was around 13 percent of what the member nations had pledged. However, the large majority of the resources needed to accomplish its goals is obtained on the capital markets.

The EIB's basic function is to provide long-term credits and to back companies, public partnerships or financial institutions for the purpose of aiding in the realization of investments aimed at resolving regional problems, as well as investments involving redirection of enterprise or creation of new areas of employment.

It also contributes to the realization of investments of joint benefit to several member states or of benefit to the community as a whole.

The ministry gradually expanded its field of activity, which originally remained within the boundaries of the member nations, to include partnerships or cooperations envisaging monetary aid. Today, the bank plays as important a role in all the Mediterranean nations as it does in the signatory states of the Rome Treaty. Turkey, not being a member of the EEC, is one of the important nations with which it has relations.

It is the intent of this article to give the major outlines of the EIB's impact on Turkey from the first days of the cooperation, which began in 1965, to the present.

Starting-Up Framework

The monetary section of the EEC-Trukish cooperation is contained in protocols appended to the cooperation agreement. The bank's financing in Turkey consists of regular credits provided out of its own resources and special credits provided out of the resources of EEC members or the EEC's own resources. Credit amounts and the distribution between regular and special credits are specified in the monetary protocols.

The first protocol, which went into effect with the signing of the agreement in December 1964, was for a period of 5 years until 1969 and called for the provision of special credits in the amount of 175 million units of account to come from the budget resources of EEC member governments.

A second protocol was signed upon expiration of the first. The second protocol, signed in November 1970 to go into effect on 1 January 1973, called for the commitment to Turkey by 1976 of special credits of 195 million units of account[2] from the budget funds of member states and regular credits of 25 million units of account from the bank's own resources.

The third protocol was signed in 1976 to become effective in May 1979 and extends to the end of October 1981. It commits 220 million units of accoun account in special credits from EEC resources and 90 million units of account in regular credits from the bank's own resources.

The "special credits" comprising a large portion of the credit given to Turkey by the EEC have payment terms of 40 years. There is a 10-year grace period and an annual interest rate of 2.5 percent.[3]

The terms of "regular credits" are specified according to the nature of the projects. They also depend on the terms under which the bank can obtain loans, and this is usually 8 years to 15 years. Interest rates on regular credits are close to the interest rates on the markets in which the bank invests the loans it obtains.

Purposes and Conditions of Credit

The monetary protocols specify the nature of investments on which EIB financing is to be used.

Investments having the features named below are acceptable:

--Investments designed to contribute to raising the production of the Turkish economy. In particular, investments to provide Turkey with a complete infrastructure, to raise agricultural production, and to provide for modern operation at full capacity of offices and industrial establishments in the public or private sector.

--Investments in support of realization of the goals set forth in the associate agreement.[4]

--Investments within the framework of the current Turkish Development Plan.

Among investments having the above features, special attention is given to those with a positive effect on Turkey's balance of payments. Credits given by the EIB may be used also to finance production sector investments at normal productivity as well as for investments (especially infrastructure) whose productivity is not definite or which may be realized in the future. These credits may cover foreign purchase costs and local expenditures. However, the credits provided never cover the entire cost of a project, but supplement the share put up by the investor and other credit resources. Credits for financing infrastructure projects are given to the state of Turkey. The state places these credits at the disposal of its investing offices or transfers them as a loan to the public economic establishments.

Two stages of procedure are involved when the EIB participates by means of special credits in the financing of projects at normal productivity. The credits are first given to the state in keeping with their governing conditions. The state then relends the credits at the interest rates current for Turkey's long-term bank credits to those wishing to invest in the public or private sector either directly or, more often, through the services of a Turkish financial institution.

The EIB, with the approval of the Turkish state, chooses those projects which it can finance from among those meeting the criteria set forth in the monetary protocol.

The bank then scrutinizes these projects from the technical, economic and financial aspects.

For the realization of the projects under the best conditions, the investments financed are opened to public competition by individuals and corporations in Turkey and EEC member nations.

In addition, in the interest of the fulfillment of the conditions for realization and implementation of the projects submitted to it, the EIB is allowed, in cooperation with the people involved in the investment, to conduct research at the technical and organizational levels.

Applications for credit by any other than the Turkish government can be validated only by government approval. The [illegible] of credit, according to the EIB bylaws, depends on a decision by [illegible]il of Ministers following examination by the European Communities C[illegible]ission. In the matter of special credits, the EEC member states consult among themselves.

For EIB contributions to the financing (private sector) of small and middle-sized industry, moreover, the bank extends credit to the Turkish Industrial Development Bank [TIDB] and the Industrial Investment and Credit Bank [IICB], which are recognized Turkish financial institutions. The total of collective credits to be provided for initiatives in these industries is specified in agreements concluded with the EIB.

Credits Provided Between 1965-1979

The EIB, from 1965 to 1979, has extended 63 credits to Turkey totalling 447 million units of account. Of this total, 416 million units of account were in special credits and 61 million in regular credits.

1. Infrastructure

The economic development and industrialization of the nation is the fundamental condition for sound infrastructure in the energy, transportation and agriculture sectors. Infrastructure-related credits totalling 292.2 million units of account represent 61 percent of total credits.

All, or most, of the investments financed in the public sector have required high credit credit totals. Because of this, the method used has been joint financing with institutions which make loans from bilateral or multilateral assets, in particular the IBRD and the Reconstruction Credits Union (KfW-Germany). Another feature of the investments financed is that the Turkish treasury usually makes significant contributions, at least to cover local expenditures and interim interest. Infrastructure projects in which it has contributed to the financing have created directly 4,000 job opportunities. This figure is an example of the short-term effects alone of infrastructure investments. Although investments in general create few job opportunities except during construction, they form the basis of economic development.

a. Energy: During the past 15 years, the EIB has provided credit in the amount of 174.2 million units of account for the financing of a broad investment program for the conveyance and production of electricity. These credits represent 37 percent of all EIB credits to Turkey and 60 percent of credits earmarked for infrastructure projects. The largest credit of approximately 153 million units of account was for two important investments. The first was 76 million units of account provided for the construction and development of the Keban hydroelectric dam (1,300 megawatts) on the Euphrates River. The second was credit totalling 77 million units of account for the investments needed for realization of the Elbistan project (1,200 megawatts), including construction of two lignite power stations and for putting into production coal deposits to provide 20 million tons of lignite annually to fuel the power stations.

The Gokcekaya-Izmir high tension line and the Kovada and Gokcekaya power stations are part of these two projects.

b. Transportation: EIB credits for the transportation sector amount to 68.7 million units of account. This amount is equal to 24 percent of the credits intended for infrastructure financing.

The EIB has participated in financing for modernization of the railroads with 3 credits totalling 38.9 million units of account. Among these credits was 4.4 million units of account for conversion to electricity of the Istanbul-Adaparari railroad and the purchase of 15 electric locomotives. The other two credits totalling 34.5 million units of account were earmarked for the procurement of diesel locomotives. These credits allowed 200 diesel locomotives, some of which were built in Turkey, to be put in service and formed a significant part of the program for converting the Turkish State Railways to diesel use.

Credit in the amount of 8.6 million units of account provided for improvement of air transportation. This credit was given with the approval of Turkish Airlines for the purchase of 5 turboreactor aircraft for use on domestic lines.

In connection with highways infrastructure, the EIB participated in the financing of the Bosporus Bridge with 20 million units of account. In addition to construction matters having to do with the Bosporus Bridge, this credit was earmarked for 20 kilometers of approach roads at the Golden Horn Bridge also. The EIB also gave 1.2 million units of account credit for feasibility studies on highway transportation.

c. Agriculture: The EIB has provided 25 million units of account credit for improvement of the Gediz Valley and 15 million units of account credit for improvement of the Bedan Valley. These credits represent approximately 12 percent of the total provided by the bank for infrastructure projects. The credits contributed to the irrigation of 150,000 hectares, the unification of divided lands and efforts in the war on erosion.

One credit equal to 13.4 million units of account was given for work on the modernization of forestry management methods. This credit includes, in a joint project, the building of a paper mill and a lumber mill near Silifke on the Mediterranean shore as well as realization of forestry investments farther in the interior to provide, in particular, many job possibilities in the forestry reserves in Antalya, Mersin, Adana and Kahramanmaras.

2. Industry:

The EIB has been cautious about direct participation in Turkey's industrial development, providing 184.8 million units of account credit for investments in this sector (39 percent of its financing in Turkey).

Eight credits amounting to 90.1 million units of account, representing 49 percent of credits given for industrial investments, were given to state enterprises for large, basic industrial projects. This amount is 30 percent of the total of fixed investments planned at 315 million units of account.

the EIB has provided a total of 94.7 million units of account credit through the TIDB and the IICB for the private industrial sector (51 percent of credits provided for industry). The majority of these credits, which are collective credits, have helped in the emergence of 30 small and mid-sized industrial establishments.

In addition, it may be said that all of the industrial investments financed by the EIB have contributed to the creation of more than 15,000 job opportunities. Some of the projects include modern industries for which a need was felt in the capital.

Bearing in mind the many applications, on a large scale in the public sector or on a smaller scale in the private sector, the projects financed are frequently quite different from one another in nature.

Looking at the distribution throughout the country of industrial projects, it is seen that they are concentrated in the southern and central regions. Nevertheless, some wider distribution has made itself felt in the past few years, with public investments and private projects. For example, the TIDB and the IICB have begun gradually to place more emphasis on projects outside the Istanbul-Izmit area. And this has created results not to be scoffed at. In the distribution among the sectors of credits given for industrial projects, priority has gone to the basic industries and to investment goods belonging to the public sector.

Data on the foremost branches of industry financed follow:

a. Paper industry: Forty percent of the credits provided for this industry were earmarked for 6 projects in the paper industry. Of the total credit of 73.7 million units of account, 71.6 million went to the public sector (SEKA [Turkish Cellulose and Paper Factories Administration]). All of the projects in the paper industry are oriented towards use of local raw materials for the production in particular of packing paper and cellulose. These projects will answer Turkey's wrapping paper needs, especially for the export of agricultural products.

The economic effects of the investments will be felt also in the forestry sector. The SEKA Mediterranean complex, which is financed jointly with the IBRD is an example of these effects. In addition to the building of a paper mill, the SEKA Mediterranean complex includes a lumber mill for the production of lumber for industrial use and modernization of forestry management methods, especially of the forests supplying the needs of the mill near Silifke. These projects will open up many job opportunities. For example, 2,600 more jobs will be added to the 10,000 jobs this industry has today, and 5,000 more will be added to the 50,000 jobs in forestry occupations throught the country.

b. Chemical industry: The EIB has given this sector 37.1 million units of account in credit, equalling 20 percent of the credits provided for industry. Three credits totalling 21.3 million units of account were provided for synthetic rubber (Petro-Chemical Corporation) in the public sector and 5 credits equalling 12.2 million units of account for establishments in the private sector which produce synthetic thread.

c. Building materials: Five credits totalling 7.5 million units of account contributed to financing of the private sector cement industry. Turkey was a cement exporting nation between 1970-1977. The establishments which benefitted from EIB credits realized 30 percent of Turkey's cement exports during those years.

d. Textile industry: The entire textile industry, including the private sector, has benefitted from 7 financing programs totalling 5.6 million units of account. The financing is directed especially toward raising the capacity of thread and weaving mills and toward modernization of the cotton industry. These financing programs, moreover, have opened up 2,700 job opportunities at a total cost of 40,000 units of account per investment. With an average investment cost of 14,000 units of account per job, the investment cost is about half that of the other industrial sectors.

8349
CSO: 4907

INCOME IMBALANCE STRAINS SAVINGS

Istanbul MILLI GAZETTE in Turkish 4 May 80 p 4

[Text] It appears that the steadily growing imbalance in income distribution has strained the domestic savings that investment requires. Attention is drawn to the fact that savings realized by the non-agrarian, non-salaried income group, whose share of domestic income has risen from 36.5 percent to 52.3 percent in the last 10 years, cannot even maintain the investment ratio at 1977 levels.

Despite the fact that capital stockpiles and investment in Turkey for the 7 years between 1971 and 1977 recorded a significant increase, it appears that domestic savings has begun to be strained due to the foreign resources problem that came about in 1978.

Domestic income constituted 17 percent of all investment in 1970. This share rose to 21 percent in 1974 and 25 percent in 1977. Although the investment radio--which registered an average rise of 1 point over 3 years--has reached the 25 percent mark, this ratio is such that it may be offset in large measure by the strains on foreign and domestic resources because of the decline in income levels and the imbalance in income distribution.

Domestic income made up 7.2 percent of foreign resource use in 1977. Since this figure dropped to 2.6 percent in 1978 and 1.7 percent in 1979, the shrinkage of foreign resources has resulted in a turning to domestic savings for investment expenditures. With inflation gaining speed after 1978, however, the voluntary mechanism was superceded by a compulsary one. Pointing out that non-agrarian and non-salaried income presently constitute 50 percent of domestic income, officials note that expected rapid inflation in 1980 will boost this figure. Officials also stated that this income group, which has the greatest tendency to save, does not believe that controlling 52.3 percent of the income is sufficient to achieve a 25 percent investment ratio.

In this connection, experts have stated that the tightness of domestic income received by other income groups and the imbalance in income distribution is causing disruption of the country's consumption structure. They

also stress that industries, which emphasize research and use new technology as well as have an impact on the domestic market, must be set up and dedicated in large measure to exporting.

Under these conditions, if a 25 percent ratio is achieved at the lowest level of non-salaried income, it is maintained that the Turkish economy can utilize its mid-term potential more effectively.

It is reported that should a new approach with regard to the direction of the income structure not be forthcoming in 1980, the economy will be confronted with limitative pressures in achieving a 25 percent investment ratio. This could mortgage the Turkish economy with respect to its development 20 years hence and its independence.

CSO: 4907

EXPORT REVENUE ON DECLINE, EFFECTS OF DEVALUATION

Foreign Exchange Squeeze

Istanbul MILLI GAZETE in Turkish 10 Apr 80 p 4

[Text] We are finding out that export foreign exchange revenues in 1980 are showing a downward trend in comparison with last year. Export foreign exchange revenues, standing at $234.6 million at the end of February 1980, reflect a 42 percent decline as compared to $442.2 million in the same period last year.

The failure to obtain an increase worth noting in exports and the continuing downward trend in export foreign exchange revenues despite the steep devaluation in 1980 are being evaluated in terms of "failure of the devaluation." A high level authority, explaining his views on what lies behind this matter, said, "If you notice, foreign exchange revenues from worker remittances in February were $173.3 million. Yet last year in May, $539 million had been obtained in worker foreign exchange income by means of offering additional premiums. The steep devaluation has clearly been inadequate in allowing Turkey to increase its own foreign exchange revenues."

Central Bank Status

Declining worker remittances in 1980 have had an especially negative effect on the Central Bank. The Central Bank received $2.2 million in worker remittances in February, thus putting January-February receipts at $6.7 million.

Moreover, Central Bank foreign exchange revenues from exports for the period October 1979-February 1980 were $34.3 million.

The decline in foreign exchange income at private banks, meanwhile, is less than the Central Bank's, as private bank receipts in the first 2 months of last year were $310.1 million, dropping to $247.9 million this year.

Export-Import Activity

Istanbul CUMHURIYET in Turkish 11 Apr 80 p 4

[Text] (CUMHURIYET Economic Service) -- Data obtained by ANKARA AGENCY reveal that despite the small increase registered in effective exportation in the first 2 months of 1980 as compared to last year, currency export revenues declined considerably and that the import transfers/imports rate also declined sharply in comparison with last year. The accompanying table shows that despite effective exports of $698 million in the first 2 months of 1980, currency export revenues stood at $380 million and that the income/export rate, which was 97 percent in 1979, dropped to 55 percent. Currency imports for the first 2 months, meanwhile, amounted to $833 million in 1980, though the import transfers made remained at $584 million. As a result, the transfer/imports rate, which was 100 percent last year, dropped to 70 percent this year.

Looking at the distribution of currency export revenues between the Central Bank and private banks, it is seen that Central Bank foreign exchange revenues dropped from $186 million in the first 2 months of last year to $11 million in the equivalent period of this year, while foreign exchange revenues of the private banks declined in the same period from $476 million to $268 million.

Looking at the distribution of import transfers by source, it is seen that the transfers realized by the Central Bank in the first 2 months of 1980 were $45 million less than in the same period of the previous year, whereas transfers realized by the private banks increased by around $80 million. This increase in transfers by private banks is attributed to a decision at the end of January to lower from 80 percent to 20 percent the foreign exchange income turned over to the Central Bank.

Import-Export Activity
($ million)

	Jan-Feb 1980	Jan-Feb 1979	Difference
Effective Imports	1,006.361	668.512	+337.849
Currency Imports	832.886	839.268	+293.620
Transfers	583.563	548.161	+ 35.402
Transfer/Import	70 %	100%	
Effective Exports	698.400	681.700	+ 16.700
Export Revenues	879.700	662.400	-282.700
Revenue/Export	55%	97%	

8349
CSO: 4907

CRITICISM, PROPOSALS REPORTED ON TAX BILL

Istanbul CUMHURIYET in Turkish 14 Mar 80 p 4

[Text] Various individuals and organizations continue to announce their views on and suggestions for the tax law bill.

BANKSIF [Turkish Federation of Banking and Insurance Employees Unions] said in its announcement that "those doomed to payroll lists pay 70 percent of the income tax and 54 percent of the fiscal balance tax." It continued, "Taking into consideration the fact that these persons' share of the national product is about 25 percent, the bitter truth can once more be seen. This is clear evidence that those who earn a little in this country are taxed a lot and that those who earn a lot are taxed a little, that taxes are taken from those apprehended by the state, those imprisoned on payroll lists, and those who work under service contracts."

The announcement also stressed that social disorder will not be able to be eliminated because just taxation will not be ensured.

It read, "So long as there is no true tax reform from the standpoint of the people, the laborers, the workers, those with low incomes, it will be impossible to prevent inflation with monetary measures alone. So long as tax evasion, which results in tax losses of 700 billion liras, is not stopped, so long as it is not ensured that those who are not paying taxes are taxed, and so long as there is no end to ownership of huge land holdings, Turkey will not be saved from going begging abroad, will be sentenced to an economy bound to other nations."

Association of Financial Civil Servants

The Association of Financial Civil Servants asserted that the new tax bill's goal is to reduce the tax burdens of organizations that tend to form monopolies and, in contrast, to increase the taxes of those who are laborers.

In a written statement released yesterday, Secretary General Abdullah Mermer criticized the new tax bill and expressed these views:

[1.] The bill recognizes the possibility that those who obtain income from trade, agriculture, and the professions will pay proportionally less in taxes than laborers. The bill also reduces the tax of multinational corporations.

[2.] It is foreseen that, through advantages to organizations, the creation of monopolies will accelerate, and special pardons will be announced for property owners who have not paid taxes to the state for years.

[3.] The appearance of legal status for earnings from illegal activities such as arms smuggling and usury is ensured, and taxes related to wealth derived from untaxed income will be granted a special pardon.

[4.] All types of workers' supplemental wages and bonuses will be taxed by a high percentage, and 48 percent of seniority compensation will be taken back as taxes.

[5.] Through the newly introduced value-added tax, it is planned that the worker, who is in the position of a consumer and who is able to meet only a portion of his needs with his income, will consume even less, will eat even less and wear even less.

In the statement, the view that the law bill should be amended to favor the worker is defended.

Union of Chambers' Proposal

In the meantime, the Turkish Union of Chambers asserted that changes on behalf of laborers in the law bill are required.

According to information provided by the union's Acting Chairman Cahit Aydogan, the Turkish Union of Chambers, which has analyzed the tax bill, opposes application of a tax of 45 percent on incomes ranging from a lira to a million liras.

Aydogan said that the union proposes that the group of incomes between 1 lira and 1 million liras, which constitutes the first level in the tax bill, be divided in two. With the union's proposal, this first level would be divided in two, and incomes falling between 1 lira and 500,000 liras would be taxed at a figure lower than 45 percent. In response to a question regarding what this percentage should be, Aydogan said, "Our proposal included the view that it should be less than 45 percent." He added that the final degree of taxation should be determined during talks in parliament.

Experts who gave their views on this subject said that, if the Turkish Union of Chambers' proposal were adopted, workers would be ensured significant advantages and that, if the first level were divided in two and if a tax of 25-30 percent were imposed on incomes up to 500,000 liras, much more money would pass into the hands of laborers.

In a bulletin released by the Ankara Chamber of Industry, it was stated that, "given today's political climate, the tax bill does not appear to be one that could become law easily and quickly." It went on, "From this standpoint, it is our opinion that the beneficial course to take in order to be able to enact this bill would be to correct the basic defects of the bill."

11673
CSO: 4907

DISCUSSION OF BASIC SIMILARITIES IN RPP-JP TAX BILLS

Istanbul HU[illegible]ET in Turkish 15 Mar 80 pp 1,10

[Text] Ankara--It has been determined that, even though wide-ranging arguments arose while the two bills were being drafted and when they were made public, there are no significant differences between the RPP [Republican People's Party] and the JP [Justice Party] tax bills.

Some clauses of the "bill dealing with changes in various tax laws," which was drafted during Ecevit's administration and submitted to the Grand National Assembly on 11 April 1978, and the "financial stabilization law bill" introduced to the assembly by the Demirel government are even identical. For example, the sentence, "Permanent tax exemptions are granted to private school buildings belonging to communities that are considered to be minorities under the condition that this is reciprocal," which was included in the RPP bill in relation to property taxes, is found in the bill prepared by the JP without a single change.

The most important differences between the two bills deal with the calculation of seniority compensation and the minimum wage deduction. In the RPP bill, seniority compensation was limited to 7.5 times the minimum wage while, in the JP bill, seniority compensation is restricted to the retirement bonus received by a state employee who has retired at the highest rank.

The RPP bill did not become law during the party's term in office due to JP obstacles. Now, the JP bill is being harshly criticized by the RPP, which plainly declared that it will oppose the bill. A comparison of these two bills follows.

Motor Vehicle Purchase Tax

In the RPP bill, the motor vehicle purchase tax was to be based on the vehicle's engine cylinder displacement. The JP bill proposes to increase by 10 the tax limits that are currently in effect.

At present, there is a 5,000-lira motor vehicle purchase tax on a Murat-131 automobile. Under the RPP bill, this would have been raised to 50,000 liras. The JP bill also increases this tax to 50,000 liras.

Operations Tax

The RPP bill increased the tax percentage of the operations tax, which is a tax that every economist claims "has lost its function," and included a number of goods "ranging from cigarette lighters to razor blades."

The JP bill eliminates the operations tax that is placed on goods, but plans to leave to municipal governments the operations tax obtained from services.

Property Gains Tax

The only change made in the RPP bill related to the property gains tax was to impose a tax with the name, "preliminary tax."

The JP bill makes no change whatsoever in the property gains tax that is in effect today.

Inheritance and Transfer Tax

The bill prepared by the RPP raised the transfer tax exemption limit from the 40,000 liras in force today to 200,000 liras and introduced a 200,000-lira exemption limit for the children of the spouse who has inherited the estate, making a possible total exemption of 400,000 liras.

The JP bill states that no tax will be paid on 400,000 liras of an estate inherited by a person. Therefore, there is absolutely no difference between the two bills in this area.

Property Tax

Neither of the bills includes an article that would alter the property tax system that is in effect today. Both bills contain the same clause that accords permanent tax exemptions to buildings belonging to minorities' schools.

The RPP bill proposed a tax exemption for village buildings whereas the JP bill does not include such a statute.

Land Motor Vehicle Tax

The RPP bill amended the land motor vehicle tax (motor vehicle tax) and sought to base this tax on the engine cylinder displacement rather than on the age and weight of the vehicle as is done at present.

The JP, however, found it sufficient to increase this tax by 10. Consequently, an owner of a Murat-131, who pays a land motor vehicle tax of 780 liras per year at present, would pay 8,000 liras per year under the RPP bill and 7,800 liras under the JP bill.

Expenditures Tax

The RPP bill sought to raise the amounts of various taxes such as the banking and insurance transactions tax, which is included under the expenditures tax.

A section of the bill that caused a great deal of argument proposed a new tax on "announcements and advertisement services." The tax percentage to be collected for advertisements and announcements broadcast by the TRT [Turkish Radio and Television Administration] was to have been 50 percent of the fee paid for the advertisement.

The JP bill, however, does not make a significant change in the expenditures tax in effect today, because it favors a value-added tax, which it has included in a separate bill. If a value-added tax bill is enacted, a large portion of the current expenditures taxes will be included under the new tax.

Stamp Tax

The RPP bill increased tenfold taxes on valuable papers that are included in the stamp tax.

The JP bill also raises this tax tenfold.

Fees Law

The RPP tax bill prepared when Ziya Muezzinoglu was minister of finance proposed increases in every type of fee.

The JP bill plans to raise these fees by 10. Therefore, a 3-month passport that costs 500 liras today would have been 5,000 liras if the RPP bill had passed and will also cost 5,000 liras if the JP bill becomes law.

Organizations Tax

The RPP bill considered societies' and pious foundations' offering property for rent to be "business operations" and instituted the organizations tax on this. The same bill planned to exempt from the organizations tax 10 percent of joint-stock companies', other than banks', net organizational earnings for a 5-year period.

The JP bill also exempted from the organizations tax some capital corporations and corporations that export industrial products.

While the RPP bill raised the organizations tax to 30-35 percent, the JP bill increases it to 50 percent.

Income Tax

There is not much difference between the two bills in the proposals to amend the income tax, which emerges as the most unjust of the taxes.

Because of small farmers' and tradesmen's exemptions and because revenues obtained from buildings rented out as dwellings are not to be taxed, the bills prepared by the two parties are identical except for a few minor differences. For example, in the RPP bill, if rented income does not exceed 200,000 liras per year, 40,000 liras would have been exempt from taxes.

The tax exemption in the JP bill is 50,000 liras.

Minimum Wage Deduction

Both bills use the minimum wage as a basis for calculating the minimum wage deduction. For this reason, in the RPP bill, a married taxpayer with two children would have had a 3,500-lira-per-month tax deduction based on the minimum wage at that time.

As for the JP bill, the same taxpayer would be given a deduction of 6,300 liras per month.

Tax Schedules

No major difference can be found between the bills on the subject of changes in the tax schedules that concentrate the income tax burden on the wage earners.

The RPP proposed to change tax percentages without changing the tax cutoff levels of the income tax in effect now.

The JP bill changes both the percentages and the cutoff levels and would tax by 45 percent annual incomes up to 1 million liras. If the RPP bill had become law, the average tax on incomes up to a million liras would have been about 40 percent.

Seniority Compensation

The RPP tax used the period of employment at the place of business and 7.5 times the minimum wage to calculate seniority compensation. The JP bill takes the amount of a bonus received by a state employee who retires at the last step of the highest rank as a basis for calculating seniority compensation for workers.

Municipal Revenues

Both the RPP and the JP sought to amend the municipal revenues law in order to ensure income for municipalities, which are unable to pay workers and civil servants their salaries and which come pounding on the door of the Ministry of Finance at the beginning of each month.

The RPP bill proposed to impose a "street-cleaning and lighting fee," which has not been done for a long time. The JP bill also intends to restore this fee.

11673
CSO: 4907

BILL GIVES RESERVE OFFICERS OPTIONS

Istanbul CUMHURIYET in Turkish 18 Apr 80 pp 1, 9

[Text] Ankara (CUMHURIYET Bureau) -- The National Assembly Defense Committee passed the bill making it possible for reserve officer candidates to serve voluntarily in enlisted status for 9 months.

According to the bill, the Council of Ministers is authorized to reduce the period of military service to 12 months for those who will serve as reserve officers and to 6 months for those who will serve as enlisted men. Committee Chairman RPP Ankara National Deputy Kemal Kayacan pointed out that the military problem had been resolved in a courageous and realistic way and said, "Reserve officer status must be eliminated."

Brig Gen Muzaffer Baskaynak, chief of the legal office of the National Defense Ministry, shares the committee chairman's view and said, "It is not that we need to do this, we must do it." Brigadier General Baskaynak added that there is a 90,000 contingent of reserve officers.

What Changes?

Provisions of the bill passed by the National Defense Committee are listed as follows:

--Those graduates of 4-year (or more) faculties, academies, colleges, institutes and foreign educational institutions approved as equivalent by the National Education Ministry who are eligible for military service may opt for active duty.

--Prior to each call-up year, the armed forces' need for reserve officers will be determined by the National Defense Ministry upon the recommendation of the office of the chief of the general staff.

--If the number of persons opting for active duty is in excess of the armed forces' need for reserve officers, those who wish to do so may fulfill their military obligation as NCO's and enlisted men.

--If there are are still more candidates than needed after separating out those volunteering to serve as enlisted men and NCO's, the armed forces' need will be determined by selecting among them and those in excess of the need will perform their military service as NCO's and enlisted men. The manner in which the selection will be made will be specified by directive.

--If the candidates remaining after separating out the volunteers do not meet the need for reserve officers, the need will be met by selecting from among those who volunteered for NCO or enlisted duty.

--Candidates having skills needed by the armed forces will be reserve officer candidates without subjection to any selection process.

--The period of service for reserve officers will be 18 months, consisting of 6 months' basic training and 12 months on active duty.

--The training and duty periods for reserve officers may be extended or reduced by the Council of Ministers upon demonstration of need by the office of the chief of the general staff. This period may be reduced to 12 months in peacetime.

--The period of service for NCO's and enlisted men is 20 months. However, if graduates of the institutions of higher learning listed in the bill opt for NCO and enlisted duty, their period of military service will be about half that specified for reserve officers subject to the same call-up. They may not be discharged with less than 6 months service, however.

--Those reserve officer candidates who shift to NCO or enlisted status will be given 1 month leave between basic training and entering on active duty, with up to 1.5 months' leave for such purposes as environmental adjustment and sick leave considered active duty.

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BRIEFS

NUT EXPORTS TO PRC--Hazel nuts will be exported from Turkey to the PRC for the first time. The Fiskobirlik [Hazel Nut Agricultural Sales Cooperatives Union] director general said that the first batch of some 100 tons will be shipped from Istanbul within the next few days. He added that $250,000 will be gained from the export. [Ankara Domestic Service in Turkish 100 GMT 21 Apr 80 TA]

PISTOLS SEIZED--Security forces discovered 465 pistols during a search of a car in Gumashane's Elmali Village. Three persons traveling in the car were detained in connection with the incident. Gumushane Governor Sevki Pazarci said questioning had revealed that the pistols were to be smuggled into Iran. [Ankara Domestic Service in Turkish 1400 GMT 24 Apr 80 TA]

BANNED PUBLICATIONS--The printing and distribution of 15 more newspapers and magazines from the provinces of Istanbul, Ankara, Izmir, Mugla and Kars have been added to the list of those publications that have been banned by the First Army and the Istanbul Martial Law Command. In connection with this issue, the First Army and the Istanbul Martial Law Command in communique number 43 stated: "In addition to those publications which were banned by communiques numbers 9, 10, 12, 13 and 15, the printing, distribution, shipment, publication, sale, conveyance into Istanbul as well as the possession or use of the newspapers and magazines PARTY FLAG, BUILDUP, UNITY WAY, LABOR SOLIDARITY, YOUTH REALITY, FRONT WAY, REVOLUTIONARY YOUTH OPPOSED TO IMPERIALISM AND OLIGARCHY, LABOR LIBERATION, PEOPLE'S WAY, YOUTH ON THE ROAD TO REVOLUTION, WORKER FRONT, REVOLUTIONARY UNION OPPOSITION, FRONT WARFARE and SUNRISE, as well as any supplements to these publications, for any propaganda purposes whatsoever is prohibited by the Martial Law Command in accordance with paragraph C of Article 3 of Martial Law Bill No 1402. Those discovered distributing or selling these banned newspaper, magazines or supplements should be identified and their names together with the number of publications should be reported to the local police or gendarmerie post in the form of a list. Those who fail to comply with the aforementioned ban shall be prosecuted in accordance with Martial Law Bill No 1402." [Text] [Istanbul MILLIYET in Turkish 29 Apr 80 p 10]

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END

SELECTIVE LIST OF JPRS SERIAL REPORTS

WESTERN EUROPE SERIAL REPORTS

WEST EUROPE REPORT
WEST EUROPE REPORT: Science and Technology

WORLDWIDE SERIAL REPORTS

WORLDWIDE REPORT: Environmental Quality
WORLDWIDE REPORT: Epidemiology
WORLDWIDE REPORT: Law of the Sea
WORLDWIDE REPORT: Nuclear Development and Proliferation
WORLDWIDE REPORT: Telecommunications Policy, Research and Development

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